



TECHNA-X

Annual Report
2020

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NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting (“AGM”) of the Company will be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 30 June 2021 at 10:00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon. *[Please refer to Explanatory Note (a)]*
2. To approve the payment of Directors’ Fees to the Non-Executive Directors for the financial year ended 31 December 2020. *(Ordinary Resolution 1)*
3. To approve the payment of Directors’ allowances and other benefits (excluding Directors’ fees) to the Non-Executive Directors up to an amount of RM100,000 from 1 July 2021 until the next AGM of the Company. *(Ordinary Resolution 2)*
4. To re-elect the following Directors who retire by rotation pursuant to Clause 118 of the Company’s Constitution and being eligible, have offered themselves for re-election:
 - (a) Mr. Liu Guodong; and *(Ordinary Resolution 3)*
 - (b) Mr. Zhai Baoxing. *(Ordinary Resolution 4)*
5. To re-appoint HLB AAC PLT (*formerly known as Morison AAC PLT*) as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. *(Ordinary Resolution 5)*

As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary Resolutions:

6. **ORDINARY RESOLUTION**
AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 *(Ordinary Resolution 6)*

“**THAT** subject always to the Companies Act 2016 (“**Act**”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Malaysia Securities pursuant to Bursa Malaysia Securities’ letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities (“hereinafter referred to as the “**General Mandate**”);

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so be issued pursuant to the General Mandate on Bursa Malaysia Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company.”

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

cont'd

7. **ORDINARY RESOLUTION** **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

(Ordinary Resolution 7)

“**THAT** approval be and is hereby given to Ms. Lim See Tow who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company.”

8. To transact any other ordinary business of which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
CHIN MUN YEE (SSM PC NO. 201908002785) (MAICSA 7019243)
Company Secretaries

Kuala Lumpur
28 May 2021

Explanatory Note (a)

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

Explanatory Note to Ordinary and Special Business:

(i) Ordinary Resolution 2 - Approval for the payment of Directors' allowances and other benefits (excluding Directors' fees) to the Non-Executive Directors

The Directors' allowances and other benefits (excluding Directors' fees) to the Non-Executive Directors envisaged to be payable from 1 July 2021 until the next AGM of the Company are as follows:

Description	Non-Executive Directors
Allowances	Up to RM100,000
Other Benefits	Nil

(ii) Ordinary Resolution 7 - Authority to Issue Shares pursuant to the Act

The proposed Ordinary Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Fourteenth AGM of the Company held on 6 July 2020 (“**Previous Mandate**”) to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being (“**20% General Mandate**”).

As part of the initiative from Bursa Malaysia Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Malaysia Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Malaysia Securities had vide a letter dated 16 April 2020 allows a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities of not more than 20% of the total number of issued shares for the general issue of new securities.

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

cont'd

The said 20% General Mandate will provide flexibility to the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost consuming to organise a general meeting. The authority to issue shares pursuant to the Act will provide flexibility and expediency to the Company for any possible fund raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital, operational requirements and/or repayment of borrowings which the Directors of the Company consider to be in the best interest of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the 20% General Mandate is in the best interests of the Company and its shareholders.

As of the date of this Notice, the Company had utilised the Previous Mandate by issuing a total of 236,461,500 new ordinary shares via two tranches of the Private Placement Exercise as follows:-

- (i) 100,000,000 new ordinary shares at the issue price of RM0.1098 each and were listed on 22 December 2020; and
- (ii) 136,461,500 new ordinary shares at the issue price of RM0.13 each and were listed on 24 February 2021.

The details of the total proceeds raised from the Private Placement and its utilisation are disclosed in the Annual Report.

(iii) **Ordinary Resolution 8 - Retention of Independent Non-Executive Director**

The Nomination Committee had assessed the independence of Ms. Lim See Tow ("**Ms. Lim**"), who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years. The Board has recommended that the approval of the shareholders be sought through a two-tier voting process as described in the Malaysian Code on Corporate Governance to re-appoint Ms. Lim as an Independent Non-Executive Director based on the following justifications: -

- Ms. Lim has fulfilled the criteria under the definition of Independent Director pursuant to Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities;
- Ms. Lim has not involved in any business or other relationship which could hinder the exercise of independent judgment, objectivity or her ability to act in the best interests of the Company;
- Ms. Lim has no potential conflict of interest, whether business or non-business related with the Company.
- Ms. Lim has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman, Managing Director, Executive Directors and major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with her duties and expected of her to carry out her duties as an independent director.
- Ms. Lim does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 June 2021 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.
2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

cont'd

3. As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshbsb.com.my during the Meeting. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. The Form of Proxy may also be lodged electronically via Securities Services e-Portal at <https://sshbsb.net.my/>. All resolutions set out in this notice of Meeting are to be voted by poll.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshbsb.net.my/> by the registration cut-off date and time.

Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting available for download at https://techna-x.com/notice/15_AGM.html for further details.

7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this Meeting and convening the Meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

ADMINISTRATIVE GUIDE



SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

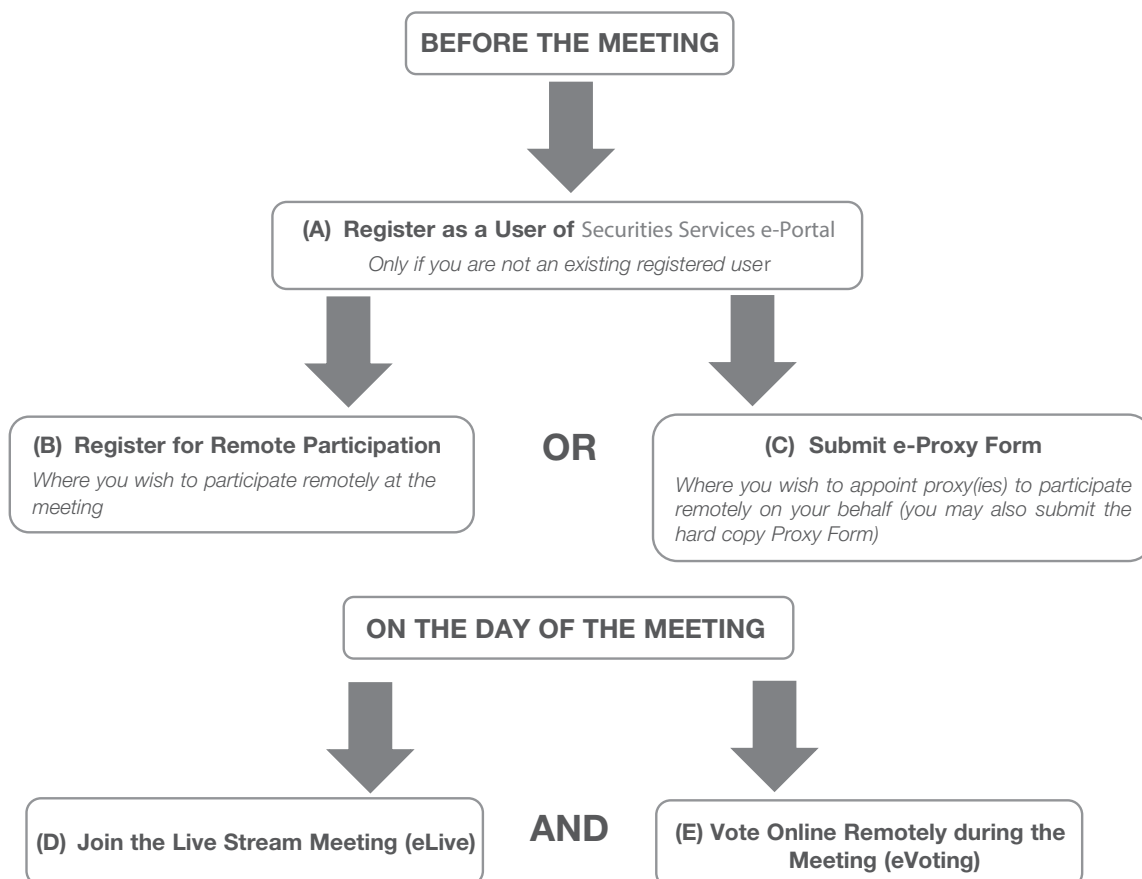
- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “**e-Services**”)

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Techna-X Berhad (*formerly known as Sino Hua-An International Berhad*) and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshsb.com.my.



ADMINISTRATIVE GUIDE

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BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal

Step 1	Visit https://sshsb.net.my/login.aspx	<ul style="list-style-type: none"> • This is a ONE-TIME registration. If you already have a user account, you need not register again. • Your email address is your User ID. • Please proceed to either (B) or (C) below once you are a registered user.
Step 2	Sign up for a user account	
Step 3	Wait for our notification email that will be sent within one (1) working day	
Step 4	Verify your user account within seven (7) days of the notification email and log in	

ALL SHAREHOLDERS MUST SIGN UP AS USER BY 24 JUNE 2021

(B) Register for Remote Participation

Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Wednesday, 30 June 2021 at 10:00 a.m.	Monday, 28 June 2021 at 10:00 a.m.
<p>➤ Log in to https://sshsb.net.my/login.aspx with your registered email and password</p> <p>➤ Look for Techna-X Berhad (formerly known as Sino Hua-An International Berhad) under Company Name and 15th AGM on 30 June 2021 at 10:00 a.m. – Registration for Remote Participation under Corporate Exercise/Event and click ">" to register for remote participation at the meeting.</p>	
<p>Step 1 Check if you are attending as –</p> <ul style="list-style-type: none"> ▪ Individual shareholder ▪ Corporate or authorised representative of a body corporate <p><i>For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.</i></p> <p>Step 2 Submit your registration.</p>	
<ul style="list-style-type: none"> • A copy of your e-Registration for remote participation can be accessed via My Records (refer to the left navigation panel). • Your registration will apply to all the CDS account(s) of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate. • As the meeting will be conducted on a fully virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you. 	

ADMINISTRATIVE GUIDE

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(C) Submit e-Proxy Form	
Meeting Date and Time	Proxy Form Submission Closing Date and Time
Wednesday, 30 June 2021 at 10:00 a.m.	Monday, 28 June 2021 at 10:00 a.m.
<p>➤ Log in to https://sshbsb.net.my/login.aspx with your registered email and password</p> <p>➤ Look for Techna-X Berhad (formerly known as Sino Hua-An International Berhad) under Company Name and 15th AGM on 30 June 2021 at 10:00 a.m. – Registration for Remote Participation – Submission of Proxy Form under Corporate Exercise/Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above.</p>	
<p>Step 1 Check if you are submitting the proxy form as –</p> <ul style="list-style-type: none"> ▪ Individual shareholder ▪ Corporate or authorised representative of a body corporate <p><i>For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.</i></p> <p>Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).</p> <p>You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.</p> <p>Step 3 Proceed to indicate how your votes are to be casted against each resolution.</p> <p>Step 4 Review and confirm your proxy form details before submission.</p> <ul style="list-style-type: none"> • A copy of your submitted e-Proxy Form can be accessed via My Records (refer to the left navigation panel). • You need to submit your e-Proxy Form for every CDS account(s) you have or represent. 	
PROXIES	
<p>All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by 24 JUNE 2021. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, <u>provided the proxy must be a registered user of the e-Portal</u>, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.</p>	

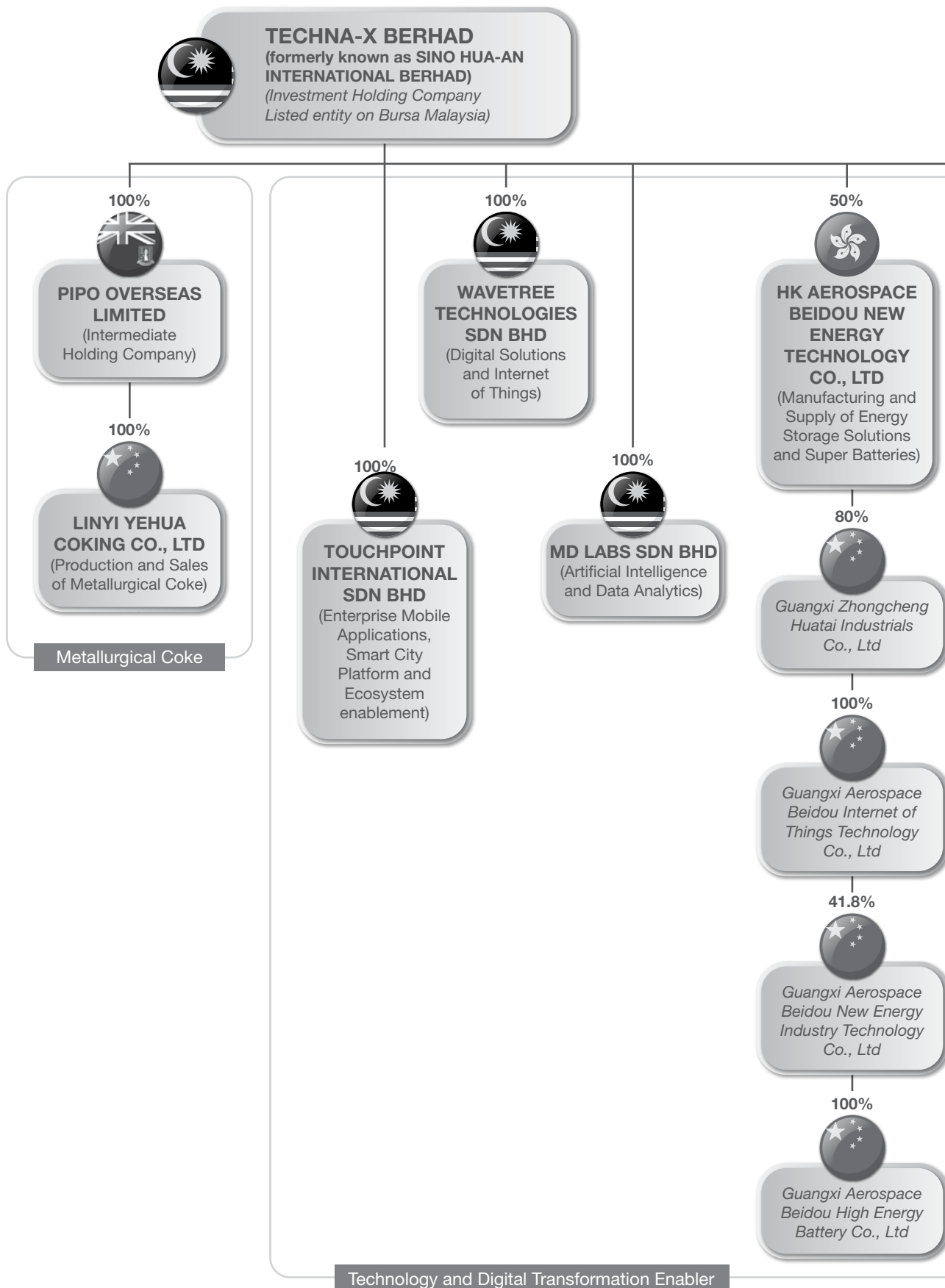
ADMINISTRATIVE GUIDE

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ON THE DAY OF THE MEETING

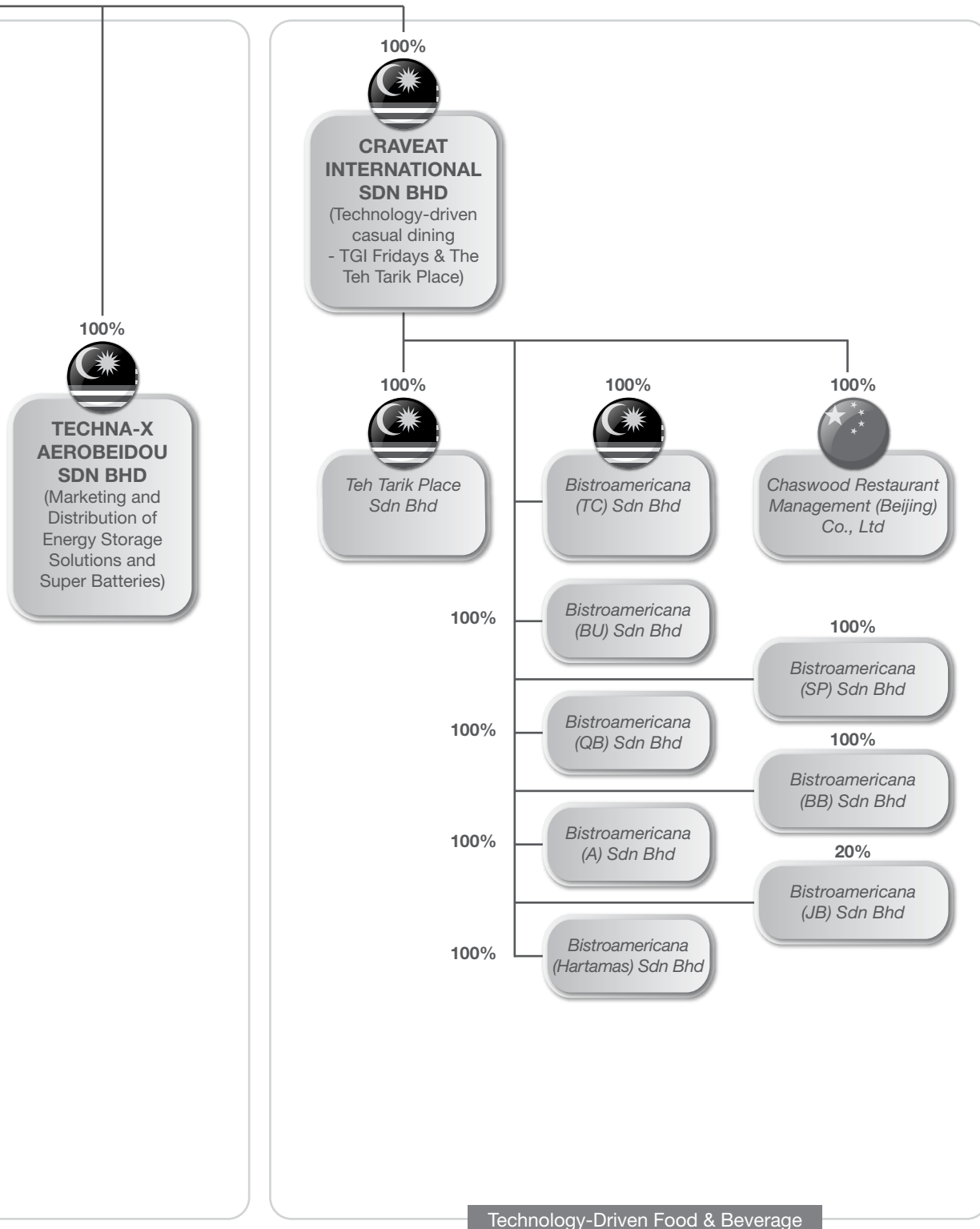
Log in to https://sshbsb.net.my/login.aspx with your registered email and password	
(D) Join the Live Stream Meeting (eLive)	
Meeting Date and Time	eLive Access Date and Time
Wednesday, 30 June 2021 at 10:00 a.m.	Wednesday, 30 June 2021 at 9:30 a.m.
<p>➤ Look for Techna-X Berhad (formerly known as Sino Hua-An International Berhad) under Company Name and 15th AGM on 30 June 2021 at 10:00 a.m. – Registration for Remote Participation - Live Stream Meeting under Corporate Exercise/Event and click ">" to join the meeting.</p> <ul style="list-style-type: none"> The access to the live stream meeting will open on the abovementioned date and time. If you have any questions to raise, you may use the text box to transmit your question. The Chairman/ Board/ Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user. 	
(E) Vote Online Remotely during the Meeting (eVoting)	
Meeting Date and Time	eVoting Access Date and Time
Wednesday, 30 June 2021 at 10:00 a.m.	Wednesday, 30 June 2021 at 10:00 a.m.
<p>➤ If you are already accessing the Live Stream Meeting, click Proceed to Vote under the live stream player. OR</p> <p>➤ If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for Techna-X Berhad (formerly known as Sino Hua-An International Berhad) under Company Name and 15th AGM on 30 June 2021 at 10:00 a.m. – Remote Voting under Corporate Exercise/Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.</p>	
<p>Step 1 Cast your votes by clicking on the radio buttons against each resolution.</p> <p>Step 2 Review your casted votes and confirm and submit the votes.</p> <ul style="list-style-type: none"> The access to eVoting will open on the abovementioned date and time. Your votes casted will apply throughout <u>all</u> the CDS accounts you represent as an individual shareholder, corporate/authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form. The access to eVoting will close as directed by the Chairman of the meeting. A copy of your submitted eVoting can be accessed via My Records (refer to the left navigation panel). 	

THE TECHNAX GROUP



THE TECHNA-X GROUP

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CORPORATE INFORMATION

BOARD OF DIRECTORS

**Y.A.M. Tunku Naquiyuddin
Ibni Tuanku Ja'afar**
Executive Chairman

Liu Guodong
Managing Director

**Datuk Lim Chih Li
@ Lin ZhiLi**
Executive Director

Lim See Tow
*Independent Non-Executive
Director*

Zhai Baoxing
*Independent Non-Executive
Director*

**Balraj Singh Pannu A/L
Gajjan Singh**
*Independent Non-Executive
Director*

AUDIT & RISK MANAGEMENT COMMITTEE

Lim See Tow
*Chairperson
Independent Non-Executive
Director*

Zhai Baoxing
*Independent Non-Executive
Director*

**Balraj Singh Pannu A/L
Gajjan Singh**
*Independent Non-Executive
Director*

REMUNERATION COMMITTEE

Lim See Tow
*Chairperson
Independent Non-Executive
Director*

Zhai Baoxing
*Independent Non-Executive
Director*

**Balraj Singh Pannu A/L
Gajjan Singh**
*Independent Non-Executive
Director*

NOMINATION COMMITTEE

**Balraj Singh Pannu A/L
Gajjan Singh**
*Independent Non-Executive
Director (Re-designated from
member to Chairman w.e.f.
5 May 2021)*

Lim See Tow
*Independent Non-Executive
Director (Re-designated from
chairman to member w.e.f.
5 May 2021)*

Zhai Baoxing
*Independent Non-Executive
Director*

PRINCIPAL BANKERS

RHB Bank Berhad
(Kuala Lumpur, Malaysia)

CIMB Bank Berhad
(Kuala Lumpur, Malaysia)

**Standard Chartered Bank
(Hong Kong) Limited**
(Hong Kong)

Hua Xia Bank
*(Linyi City, Shandong Province,
People's Republic of China)*

SHARE REGISTRAR

**Securities Services
(Holdings) Sdn Bhd**
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Wilayah Persekutuan
Kuala Lumpur
Tel: (603) 2084 9000
Fax: (603) 2094 9940

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Wilayah Persekutuan
Kuala Lumpur
Tel: (603) 2084 9000
Fax: (603) 2094 9940

AUDITORS

**HLB AAC PLT (formerly known
as Morison AAC PLT)**
(202006000008 &
LLP0022843-LCA & AF001977)
Chartered Accountants

STOCK EXCHANGE

**Bursa Malaysia Securities
Berhad**
(Main Market)

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC NO. 201908002648)
(MAICSA 0777689
PRACTITIONER)

Chin Mun Yee
(SSM PC NO. 201908002785)
(MAICSA 7019243
PRACTITIONER)

STOCK NAME AND CODE

TECHNAX (2739)

PROFILE OF DIRECTOR AND SENIOR MANAGEMENT



**Y.A.M. TUNKU NAQUIYUDDIN
IBNI TUANKU JA'AFAR**

Male

- *Executive Chairman*
- *Key Senior Management*

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (male), a Malaysian aged 74, was appointed to the Board of Techna-X on 21 March 2007. He is currently the Executive Chairman of Techna-X. He attended all six (6) Board meetings held in the financial year.

He has a Bachelor of Science in Economics (Honours) degree from the University of Wales, Aberystwyth, United Kingdom. He was a Diplomat for five (5) years and served as Second Secretary in Paris, France from 1972 to 1975. He was proclaimed Regent of Negeri Sembilan from 1994 until 1999. On 11 August 2006, he was appointed as Director of PIPO Overseas Ltd, a wholly-owned subsidiary of Techna-X.

Besides Techna-X, he is currently also on the boards of Ann Joo Resources Berhad and Olympia Industries Berhad. He also holds directorship in other non-listed public companies, namely ORIX Leasing Malaysia Berhad, Syarikat Pendidikan Staffield Berhad and Asia Plantation Capital Berhad.

Y.A.M. Tunku Naquiyuddin is a keen environmentalist and was a Committee Member of the World Wide Fund for Nature (Malaysia) and a Council Member of the Business Council for Sustainable Development in Geneva. As an active and conscientious businessman, Y.A.M. Tunku Naquiyuddin contributed to the business fraternity through his appointment as founding Chairman of the Federation of Public Listed Companies Berhad, leading the initiatives to bridge bilateral business boundaries through the Malaysia-France Economic and Trade Association for eight (8) years and striving for Asia-Pacific co-operation through the Canada-ASEAN Centre of which he was a Council Member. He was nominated by the Minister of Finance to serve on the Committee of the Kuala Lumpur Stock Exchange from 1989 to 1994.

Y.A.M. Tunku Naquiyuddin is a major shareholder of Techna-X and he has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.



LIU GUODONG

Male

- *Managing Director*
- *Key Senior Management*

Mr. Liu Guodong (male), a Chinese People's Republic of China ("PRC") national aged 49, was appointed to the Board of Techna-X on 22 March 2007. He is currently the Managing Director of Techna-X. He attended four (4) Board meetings out of six (6) held in the financial year.

He was the Managing Director of Linyi Yehua Coking Co., Ltd ("Yehua") since 15 December 2004 and was appointed as the legal representative of Yehua on 1 July 2005. He graduated from Linyi Teaching Institute with a Bachelor's Degree in Sports in 1995. Prior to joining Yehua, from 1994 to 2004, he was a self-employed businessman involved in the dealing of iron ore, coal and electrolysis aluminite powder. On 21 June 2005, he was appointed as a Director of PIPO Overseas Ltd, a wholly-owned subsidiary of Techna-X. Overall, Mr. Liu has over ten (10) years of working experience in the related industry.

Mr. Liu has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company except as disclosed in the financial statements.

PROFILE OF DIRECTOR AND SENIOR MANAGEMENT

cont'd



DATUK JARED LIM CHIH LI, CFA

Male

- *Executive Director*
- *Key Senior Management*

Datuk Jared Lim (male), a Malaysian aged 49, was appointed to the Board of Techna-X on 16 October 2019 as an Executive Director to spearhead the transformation of the Group. He attended all six (6) Board meetings held in the financial year.

Datuk Jared graduated from the University of Bristol in Economics and Accounts in 1993. He started his professional career as a financial analyst for DBS Securities in Singapore and later moved to Credit Lyonnais Securities. He was the Technology Analyst in both institutions. Datuk Jared obtained his Chartered Financial Analyst qualification and Masters in Finance from the University of Hull during his time as an analyst. He also obtained a Post Graduate Diploma in Digital Business from the EMERITUS Institute of Management.

He moved to investment banking and eventually ended up leading the corporate finance department of a Ministry of Finance owned Malaysian investment bank called Avenue Securities. At Avenue Securities, he was responsible for setting up the corporate finance unit, eventually building a strong track record in Equity Offerings, Restructurings, Mergers and Acquisitions and Bond Issues. Datuk Jared built a niche in Malaysia in cross border equity offerings involving PRC enterprises, which eventually led to him starting an Emerging South East Asian private equity model. He is credited for bringing in the first few foreign companies to list in Malaysia.

In 2007, Datuk Jared co-founded a private equity group called Tremendous Asia Partners (TAP), an Asian-owned and locally-grown private equity fund focused on the consumers space in South East Asia with a focus on value add through design and digital marketing. TAP focuses on the consumer industry with an emphasis on the 5 pillars—F&B services and products; Retail, Education, Healthcare and Media & Entertainment. TAP has made roughly US\$100 million in investments and some of its recognisable portfolios include the privatization of “NV Multi”, the largest bereavement services operator in South East Asia and “Munchies”, the largest local biscuit manufacturer in Malaysia.

He is currently the Managing Partner of Tremendous Asia Partners and the Non-Executive Chairman of Tremendous Entertainment Holdings (“TEH”), one of the leading independent entertainment content producers in the region. The Company owns intellectual properties such as the multi-award winning children’s TV show “Hi-5”, reality TV investment properties such as “The Apartment” and “The Challenger” and manages the Sands Theatre in Marina Bay Sands.

He also sits on the Executive Panel of CENDANA (The Cultural Economic Development Agency of Malaysia) supported by the Ministry of Finance which has been set up to build a vibrant and sustainable cultural economy in Malaysia.

Datuk Jared is also the Group Managing Director of Country Heights Holding Berhad, a property investment and development company listed on the Main Board of Bursa Malaysia. He was appointed to the Board on 8 September 2020 with the objective of spearheading a transformation of the property group by leading the digitization of the group’s operations as well as to expand its wellness and healthcare pillar.

Datuk Jared Lim has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

PROFILE OF DIRECTOR AND SENIOR MANAGEMENT

cont'd



LIM SEE TOW

Female

- *Independent Non-Executive Director*



ZHAI BAOXING

Male

- *Independent Non-Executive Director*

Ms. Lim See Tow (female), a Malaysian aged 45, has served on the Board of Techna-X since 18 January 2008. She is the Chairperson of the Audit and Risk Management Committee, and Remuneration Committee. She is also a member of Nomination Committee. She attended all six (6) Board meetings held in the financial year.

Besides Techna-X, Ms. Lim is also sitting on the Board of Mobile Holdings Berhad wherein she serves as the Chairperson of the Audit Committee.

Ms. Lim is a member of the Association of Chartered Certified Accountants (ACCA) and Malaysian Institute of Accountants (MIA). She was with Messrs. Deloitte & Touche from 1999 to 2003. From 2005 to 2007, she was the Head of Finance & Special Project in Antah. Currently, she is a Director in Clearwater Developments Sdn. Bhd.

Ms. Lim has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Mr. Zhai Baoxing (male), a Chinese PRC national aged 38, was appointed to the Board of Techna-X on 12 November 2018 as an Independent Non-Executive Director. He is a Member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. He attended all six (6) Board meetings held in the financial year.

He graduated with a degree in Calculus from the University of Linyi in 2003. Mr. Zhai started his career as an office manager in Linyi Heng Chang Coal Co., Ltd., in 2003, after which he joined Linyi Jin Zheng Yang Pipe Co., Ltd. as Sales Manager in 2008. After spending about 4 years indulging in and honing his skills in sales, he wanted to expand his experience further by taking on the role as Operation Manager in Linyi Yuan Hang Engineering Machinery Co., Ltd. in 2012. In 2016, Mr. Zhai left to join Linyi Sheng Quan Grease Chemical Co., Ltd. taking on the role as Deputy General Manager therein.

Mr. Zhai has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

PROFILE OF DIRECTOR AND SENIOR MANAGEMENT

cont'd



**BALRAJ SINGH PANNU
A/L GAJJAN SINGH**

Male

- *Independent Non-Executive Director*



**TONY FOONG
CHONG THONG**

Male

- *Financial Controller*

Mr. Balraj Singh Pannu A/L Gajjan Singh (male), a Malaysian aged 43, was appointed to the Board of Techna-X on 2 April 2020 as an Independent Non-Executive Director. He is the Chairman of Nomination Committee and a member of Audit and Risk Management Committee, and Remuneration Committee. He attended four (4) Board meetings held in the financial year as he was only appointed on 2 April 2020.

Mr. Balraj graduated from Oxford University, England with an Honours Degree in Bachelor of Arts (Jurisprudence) and Masters of Arts (Jurisprudence) in 2007. Subsequently, he completed the Legal Practice Course for Solicitors at the Oxford Institute of Legal Practice in 2002, and Post Graduate Diploma in Digital Business Strategy from the Emeritus Institute (collaboration with MIT and Columbia) in 2018.

He was a corporate lawyer with a Magic Circle law firm in England and Hong Kong from 2002 to 2006, and then Executive Director of a NGO in India from 2006 to 2008. He then returned to the family business of manufacturing narrow fabrics at the Pannu Group of companies in Malaysia from 2008 to 2011. Later, he became director of the BE Group which had interests in wellness, F&B and early child care education.

Presently, he is the Regional Director for Asia Pacific for 2Spicy Entertainment GmbH, which is the Asia license owner for entertainment dining concepts like Le Petit Chef and Dinner In The Sky.

Mr. Balraj has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Mr. Tony Foong Chong Thong (male), a Malaysian aged 45, is the Financial Controller of Techna-X Group and was appointed by Techna-X on 1 July 2008.

A Chartered Accountant, Mr. Foong holds a Bachelor of Commerce (Accountancy) from University of Otago, New Zealand and Associate Member (ACMA) of The Chartered Institute of Management Accountants (CIMA). He is also a Member of MIA.

Prior to joining Techna-X Group in 2008, Mr. Foong worked as an Auditor Supervisor for 4 years in audit firms in Singapore and Malaysia. Subsequently, he was an Accountant for 6 years before joining the Group.

Overall, Mr. Foong has 10 years of working experience specializing in the area of auditing & accounting. He will oversee Techna-X Group's overall accounting matters and reports directly to the Board of Directors.

He does not hold any directorship in public companies and listed issuers.

Mr. Foong has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

PROFILE OF DIRECTOR AND SENIOR MANAGEMENT

cont'd



**DR. WAN MUHAMAD HASNI
BIN WAN SULAIMAN**

Male

- *Head of Technology and Digital Division*
- *Chief Data Scientist*



VINCE NG CHEE SENG

Male

- *Head of IOT and Smartcity Enablement Division*

Dr. Wan Muhamad Hasni Bin Wan Sulaiman (male), a Malaysian aged 57, was appointed as the Head of Technology and Digital Division and Chief Data Scientist of Techna-X Group on 14 October 2020.

Dr. Wan graduated from University of Iowa, Iowa City, Iowa, USA with Bachelor of Science, Actuarial Science & Statistics in 1986. He then obtained Master of Science, Actuarial Science & Statistics in 1988 from University of Iowa, and he finally obtained his PhD in Finance, in 1993 from University of Iowa, Iowa City, Iowa, USA and is a certified Data Scientist.

He is an entrepreneur by nature, he has developed many businesses throughout his illustrious career spanning over 30 years, managing companies and projects worth over US\$20 billion.

His core field of expertise is in finance, with experience of building up companies, organisations in Malaysia, United States, China and South East Asia.

Dr. Wan has dedicated his energy and skillset to spearhead the data analytics and artificial intelligence within the Techna-X Group. He reports directly to the Board of Directors.

He does not hold any directorship in public companies and listed issuers.

Dr. Wan has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Mr. Vince Ng Chee Seng (male), a Malaysian aged 44, was appointed as the Head of IOT and Smartcity Enablement Division of Techna-X Group on 19 December 2019.

Mr. Vince graduated from the University of New Brunswick, Canada with a Bachelor of Science in engineering, majoring in electrical & computer engineering. Subsequent to that, he completed coursework for Master of Applied Science (M.A.Sc) (Systems) in Carleton University, Canada.

He has been leading the Group's mobile and digital solutions business. With over 20 years of experience in founding and growing technology companies, Mr. Vince has successfully brought start-ups from drawing board to commercialization.

Among his notable success are TouchPoint International Sdn. Bhd., which he co-founded and has since been acquired as part of Techna-X Group in 2019, and Okulus Networks Inc., a technology start-up in Ottawa that he co-founded and has successfully undergone trade sale in 2008.

His other successful commercial deployments including Free Alliance Sdn. Bhd., a Khazanah Nasional Funded wireless sensor solutions company in healthcare, manufacturing, education, logistics and transportation sectors.

Mr. Vince does not hold any directorship in public companies and listed issuers.

Mr. Vince has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

PROFILE OF DIRECTOR AND SENIOR MANAGEMENT

cont'd



LEE YEW JIN

Male

- Chief Operating Officer
- Head of Technology-Driven Food and Beverage Division

Mr. Lee Yew Jin (male), a Malaysian aged 47, was appointed as Chief Operating Officer and Head of Technology-Driven Food & Beverage ("F&B") Division of Techna-X Group on 15 October 2019 to oversee the Group's F&B business.

Mr. Lee graduated from David's College in 1994 with a higher diploma in hotel catering and management. Mr. Lee has more than 25 years of experience in managing and operating renowned F&B brands including McDonald's, Dome Café and Domino's Pizza.

Mr. Lee is responsible for the overall business operations, strategic direction and expansion for Techna-X Group's F&B franchises, namely TGI Friday's and Teh Tarik Place in Malaysia and oversea markets.

Mr. Lee does not hold any directorship in public companies and listed issuers.

Mr. Lee has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.



**ABDULLAH ABBAS BIN WAN
MOHD HASNI**

Male

- Head of Data Analytics and Business Intelligence Division

Encik Abdullah Abbas (male), a Malaysian aged 35, was appointed as the Head of Data Analytics and Business Intelligence Division of Techna-X Group on 24 September 2020.

Encik Abdullah Abbas attended University of Technology Sydney in 2006 and majored in Software Engineering. He is currently pursuing his MBA (Masters in Business Administration) at HELP University.

Encik Abdullah Abbas has served in various top positions with some of the most well-known names in the software and hardware industry during the past 15 years such as EDS, CSA, TeleTech, Hewlett-Packard, McAfee, among others.

Among his notable success is MD Labs Sdn. Bhd., a company specializing in Smart Data and Analytics, which he co-founded and has since been acquired as part of Techna-X Group in 2020. The company has served and trained members of the Malaysian government from various sectors in the field of analytics and predictive algorithm.

Since 2012, he has based himself in the Asean region with stints in Australia, South Korea, and Singapore focusing on development of Energy Storage Solutions along with analytic related businesses.

Encik Abdullah Abbas does not hold any directorship in public companies and listed issuers.

Encik Abdullah Abbas has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

PROFILE OF DIRECTOR AND SENIOR MANAGEMENT

cont'd



MOHD AFDHA BIN MD YUSOF

Male

- *Chief Operating Officer of Data Analytics and Business Intelligence Division*

Encik Afdha (male), a Malaysian aged 40, was appointed as the Chief Operating Officer of Data Analytics and Business Intelligence Division of Techna-X Group on 24 September 2020.

Encik Afdha has a Computer Science education background and will be pursuing a degree in Data Science for Business.

He has over 15 years of experience in Human Resource and Talent Acquisition in some of the top MNC companies in Southeast Asia and Middle East.

He has been involved in, amongst other things, mergers and acquisitions, and joint ventures. Encik Afdha is leading the business development of Super Batteries and Energy Storage Solutions.

Encik Afdha does not hold any directorship in public companies and listed issuers.

Encik Afdha has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

- Other than traffic offences, none of the Directors and Key Senior Management have any conviction for offences within the past 5 years or any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

The Board recognises the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the performance of the Group.

The Board is pleased to present this Corporate Governance Overview Statement ("Statement") which outlines the key aspects of how the Company has applied and complied the principles of the Malaysian Code on Corporate Governance ("MCCG") throughout the financial year ended 31 December 2020.

The detailed explanation on the application of the corporate governance practices are reported under the Corporate Governance Report which is available on the Company's Website at: www.techna-x.com ("Website").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

1.0 Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

- (i) The Board consists of members from different backgrounds and diverse expertise in leading and directing the Group's business operation. The Board is responsible for the control and proper management of the Company. The Board has delegated specific responsibilities to three main committees namely Audit and Risk Management Committee ("ARMC"), Remuneration Committee ("RC") and Nomination Committee ("NC"). These Board Committees operate within the defined Constitution or Terms of References that have been approved by the Board, in which these Board Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.
- (ii) The roles of the Chairman and the Managing Director as well as the Terms of References of the Board Committees are mentioned in detail in the Board Charter which is made available on the Company's Website.
- (iii) The Group is led by an experienced and effective Board who provides oversight, strategic direction and entrepreneurial leadership. There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The management of the Group's business and implementation of policies and day-to-day running of the business operations is delegated to the Managing Director/Executive Director. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

The positions of Chairman and Managing Director are held by two (2) separate and distinct individuals in order to maintain an effective segregation of duties. The division of responsibilities is defined in the Board Charter.

The Chairman, Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar plays an important leadership role within the Group and is responsible for:

- Providing the overall strategic directions to the Group and working closely with Board members to realise the agreed upon objectives and goals.
- Representing the Board on matters pertaining to the Group's affairs when engaging with shareholders and the general public.
- Ensuring the integrity and effectiveness of the governance process of the Board.
- Ensuring the Board meetings are properly conducted and all Directors are properly briefed on issues arising at the Board meetings and that all available information on an issue is disseminated before the Board.
- Maintaining on-going dialogue and relationship of trust with and between the Directors and Management.
- Ensuring a close link between the Board and the Managing Director/Executive Director and working closely with the latter on all important matters pertaining to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

1.0 Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (cont'd)

(iii) (cont'd)

The Managing Director, Mr. Liu Guodong as well as the Executive Director, Datuk Jared Lim, are responsible for the management of the financial and operational matters in accordance with the strategic direction established by the Board. They are also responsible for communicating matters relating to the Group's business affairs and issues to the Board. Their vast experience, business knowledge and skills contributed significantly towards the realisation of the Group's goals and objectives.

(iv) The Board is supported by professionally qualified and competent Company Secretaries in carrying out their roles and responsibilities. The Company Secretaries play an advisory role in ensuring the adherence to the Company's Constitution, Board policies and procedures and compliance with the relevant regulatory requirements, code of guidance and legislations. The Company Secretaries attend and ensure that all Board, Board Committees and shareholders meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained at the registered office of the Company.

The Chairman and the Board stood guided by the Company Secretaries on what their responsibilities, duties and conducts are, as prescribed under the Companies Act, 2016 as well as how these affairs are expected to be discharged. In addition, all Board members of the Group have unrestricted access to procure the advices and services of the Company Secretaries, as and when required. The Company Secretaries will also work with the Chairman as and when required, to ensure effective and efficient functioning of the Board.

(v) In addition to the mandatory quarterly Board meetings, the Board has also convened formal meeting(s) as and when required to deliberate on important/material issues which require its attention. All Directors are provided with an agenda and the relevant board papers are issued at least seven (7) days from the date of the scheduled Board Meetings either by hand, courier service and/or electronic mails where specifically requested so as to ensure that the Directors have sufficient time to assess and consider the issues to be deliberated and to obtain further explanations beforehand, where necessary.

In addition, there is a schedule of matters reserved specifically for the Board's decision, should there be any requirement for approval of corporate policies and procedures, Group operational plan and budget, acquisitions and disposals of undertakings and assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

In exercising their duties, the Directors have access to all information within the Company, the advices and services of the Company Secretaries and are updated on new statutory regulations or requirements concerning their duties and responsibilities. They may also obtain independent professional advice from the External Auditors and/or any other professional parties at the Company's expense in furtherance of their duties.

The Board also ensures that the minutes of the Board/Board Committee meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. Upon conclusion of the meeting, the Board also ensures the minutes of the Board/Board Committees meetings are circulated in a timely manner for review before they are confirmed and adopted by the members of the Board/Board Committee at their respective meetings.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

2.0 There is demarcation of responsibilities between the board, board committees and management. There is clarity in the authority of the Board, its committees and individual directors.

The Board has formally established a Board Charter that clearly sets out their roles and responsibilities, composition and processes related to key governance activities.

The Board Charter as well as the Terms of References of the Board Committees were recently reviewed on 25 February 2021 to ensure they remain relevant and consistent with the Board's objectives and the current regulations. The updated versions of the same are published on the Company's Website.

3.0 The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

- (i) The Company has established the Code of Ethics and Business Conduct that are applicable to all Directors, Management and employees of the Group, which set forth the ethical and professional standards of corporate and individual behaviour expected to enhance the standard of corporate governance and corporate behaviour. The Code of Ethics and Business Conduct was published on the Company's Website. The Board would periodically review the Code of Ethics and Business Conduct and the last review was done on 25 February 2021.
- (ii) The Board encourages employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, and dangers to health and safety or to the environment.

The Group has also established a Whistleblowing Policy underlining its objectives, scope of policy, policy statement, reporting procedures and action in the Whistleblowing Policy. This Whistleblowing Policy was uploaded on the Company's Website and was reviewed on a periodic basis, the last being on 25 February 2021.

- (iii) In line with Section 17A – Corporate Liability on corruption of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Company has adopted an Anti-Bribery and Corruption Policy on 31 May 2020 and it was recently reviewed on 25 February 2021. The Anti-Bribery and Corruption Policy was also made available on the Company's Website.
- (iv) The Company also gives attention to the environment, social and governance (ESG) aspects of doing business in the future to ensure long term viability and sustainability of the Company's business.

Board Composition

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

- (i) The Board currently consists of three (3) Executive members (*comprising the Executive Chairman, Managing Director and Executive Director*) and three (3) Non-Executive members (*comprising three (3) Independent Non-Executive Directors*). Premised on the above, the Board composition complies with paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities"), which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent and the recommendation of the MCCG to have at least half of the Board comprises independent directors. The profiles of the Directors are set out in the Profile of Directors in this Annual Report for the financial year ended 31 December 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

(i) (cont'd)

The Group is led and controlled by an experienced Board, many of whom have vast knowledge of the businesses. There is a clear division of responsibility between the Chairman, Managing Director and Executive Director to ensure that there is a balance of power and authority. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Managing Director and Executive Director. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of other minority shareholders/stakeholders.

The Board considers that the current size and composition of the Board is adequate and facilitates effective decision-making. The NC has reviewed the present composition of the Board and the three main existing committees, namely ARMC, RC and NC and is satisfied that they have adequately carried out their functions within their scope of work.

- (ii) The Board takes cognisance that Practice 4.2 of the MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his/her re-designation as a Non-Independent Non-Executive Director. In the event such Director is to be retained as an Independent Director, the Board must first justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, annual shareholders' approval must be sought through a two-tier voting process to retain the said Director as an Independent Director.

Presently, one (1) of the Company's Independent Non-Executive Directors, namely Ms. Lim See Tow has served the Board for a tenure exceeding a cumulative term of twelve (12) years since her appointment on 18 January 2008.

The NC has assessed the independence of Ms. Lim See Tow, her ability and commitment towards the Company's objective and was of the view that the length of her service on the Board does not in any way interfere with her exercise of independent judgment and ability to act in the best practice of the Company.

The Board recommends to seek the shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company on the retention of Ms. Lim See Tow as an Independent Non-Executive Director of the Company.

- (iii) The Board also recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interest of the Group.

The Independent Directors of the Company fulfil the criteria under the definition of Independent Director pursuant to the MMLR of Bursa Malaysia Securities. They act independently of the Management and are not involved in any relationship with the Group, business or otherwise, that may impair their independent judgment and decision making.

Each Director has a continuing responsibility to determine whether he/she has a potential or actual conflict of interest in relation to any material transactions. Such a situation may arise from external associations, interests or personal relationships. Should there be any, the Director concerned is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the said matter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

(iii) (cont'd)

The NC and/or Board is guided by the Board Charter in assessing the independence of candidates, whether current or prospective, to assume the role as an Independent Director of the Company. Each Independent Director has completed their own Independent Director checklist and the NC has carried out the relevant assessment of the Independent Directors at its meeting on 5 May 2021. Each Independent Director is abstained from deliberation on his/her own assessment. Following therefrom, the NC is satisfied that all the Independent Directors have fulfilled the criteria of "Independence" as prescribed under the MMLR of Bursa Malaysia Securities.

- (iv) The Board appoints its members through a formal and transparent selection process. New appointees will be considered and evaluated by the NC after taking into consideration the candidates' skills, knowledge, expertise, experience, professionalism and integrity and women candidates shall be sought as part of its recruitment exercise in an effort to promote gender, ethnicity and age group diversity within the organisation.

For the position of Independent Non-Executive Directors, the NC will evaluate the candidates' ability to discharge such responsibilities expected of a person assuming such a position. The NC shall also consider candidates for directorships proposed by the Managing Director and within the bounds of practicality, by any other Senior Management or any Director or shareholder, as well as seeking references from outside the Group such as panel of Independent Directors or professional executive search firms, etc, if deemed necessary and appropriate.

Upon identifying and evaluating the prospective candidate(s) from the abovementioned source, the NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that all relevant legal and regulatory requirements in regards to the said appointments are satisfactorily complied with.

- (v) In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being or, if their number is not three or a multiple of three (3), then the number nearest to one-third (1/3) of the Directors shall retire from office and be eligible for re-election provided that all Directors including the Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

Newly appointed Director(s) shall hold office only until the next AGM and shall be eligible for re-election. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group for those Directors standing for election or re-election, as the case may be, are furnished in the Annual Report accompanying the Notice of AGM.

At the upcoming AGM, Mr. Liu Guodong and Mr. Zhai Baoxing will retire by rotation pursuant to Clause 118 of the Company's Constitution and being eligible, have offered themselves for re-election.

The profiles of these Directors are set out on pages 13 to 19 of the Annual Report for the financial year ended 31 December 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

- (vi) The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of the MCCG. The Board currently has one (1) female Director on the Board.

The Company has adopted a Gender-Ethnicity-Age Diversity Policy and the said policy is published on the Company's Website.

The evaluation of the suitability of candidate(s) as the new Board member(s) is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board. These are determined without regard to the candidate's gender, ethnicity nor age, as prescribed in the Gender-Ethnicity-Age Diversity Policy and as recommended by the MCCG to promote the representation of women (as well as other segments of the society) in the composition of the Board.

- (vii) All Directors of the Company do not hold more than 5 directorships in public listed companies, pursuant to Paragraph 15.06 of the MMLR of Bursa Malaysia Securities.

The Directors holding office during the financial year ended 31 December 2020 have ensured their time commitment to discharge their duties effectively, as they do not hold more than five directorships in public listed companies, detailed as below:

Name	No. of directorship in public listed companies
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	2
Liu Guodong	1
Lim See Tow	2
Zhai Baoxing	1
Datuk Lim Chih Li @ Lin ZhiLi	2
Balraj Singh Pannu A/L Gajjan Singh	1

While there is no restriction on directorships in non-listed companies, the Directors are aware that they should avoid over commitment in multiple directorships which may affect their performance in carrying out their roles as Directors of the Company.

The annual calendar of at least four (4) Board meetings are tentatively scheduled each year for the benefit of the Directors to enable them pre-plan their respective schedules. However, the exact date(s) of the said meetings will be confirmed at least one (1) month prior to the convening of the respective meeting(s) and the notice(s) of meeting to the Directors will be despatched to the respective Directors at least seven (7) days prior to the convening of the said meeting(s).

In addition to the abovementioned four (4) Board meetings, additional Board meeting(s) will be convened as and when necessary to deliberate on matters of importance that have not been deliberated or concluded in the earlier Board meeting(s).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

(vii) (cont'd)

Besides Board meetings, the Board is also made availed to the avenue of deliberating matters that require Board's approval through Directors' Resolution(s) in Writing. However, the Board endeavours to avoid this alternative route for deliberations and only rely on it as an option of last resort for matters which are urgent/ time-sensitive which arise in between the scheduled meetings and that the Directors are not able to meet in person. In accordance with Clause 169 of the Company's Constitution, a signed and approved resolution in writing by a majority of the Directors for the time being entitled to receive notice of a meeting of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

During the financial year ended 31 December 2020, a total of six (6) Board Meetings were held. The attendance record of each of the Directors is as follows: -

Board of Directors' Meeting		28 Feb 2020	2 Apr 2020	22 Jun 2020	28 Aug 2020	6 Nov 2020	30 Nov 2020		
Directors	Position	Attendance						Total	%
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Executive Chairman	✓	✓	✓	✓	✓	✓	6/6	100%
Liu Guodong	Managing Director	✓	✗	✓	✓	✗	✓	4/6	67%
Lim See Tow	Independent Non-Executive Director	✓	✓	✓	✓	✓	✓	6/6	100%
Zhai Baoxing	Independent Non-Executive Director	✓	✓	✓	✓	✓	✓	6/6	100%
Datuk Lim Chih Li @ Lin ZhiLi	Executive Director	✓	✓	✓	✓	✓	✓	6/6	100%
Balraj Singh Pannu A/L Gajjan Singh (appointed w.e.f. 2 April 2020)	Independent Non-Executive Director	n/a	n/a	✓	✓	✓	✓	4/4	100%
Liu Xueqiang (resigned w.e.f. 2 April 2020)	Non-Independent Non-Executive Director	✓	✗	n/a	n/a	n/a	n/a	1/2	50%

As required under the MMLR of Bursa Malaysia Securities, all the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP").

In addition, all the Directors will continue to attend various training programmes to enhance their professionalism in the discharge of their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

(vii) (cont'd)

During the financial year ended 31 December 2020, the Directors have evaluated their own training needs on a continuous basis. Some of these include:-

Topics	Organiser
Changing Countries Paradigm – The 1st World Clean Tech eConvention	Clean Tech Business Club
Key Disclosure Obligations of a Listed Company – Financial Reporting	CKM Advisory Sdn Bhd
Protecting You and Your Business with T.R.U.S.T.	Sime Darby
Transformation Towards Recovery – Session 1: Financial Resilience	KPMG
Transformation Towards Recovery – Session 2: Operational Resilience	KPMG
Audit Committee Institute Virtual Roundtable 2020: ESG Perspective - Managing Recovery and Resilience	KPMG
IFRS Foundation's Consultation Paper on Sustainable Reporting	Malaysian Accounting Standards Board
Latest Update on Malaysian Financial Reporting Standards & Malaysia Budget 2021	Deloitte PLT
Forbes Asia CEO Webinar 1 & 2	Forbes Asia
Impact of Blockchain on the Accounting Profession	UKM
Green Business Opportunities While Addressing Climate Change Issues	International Green Training Centre

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

The Board, through the NC, has conducted the following annual assessments to evaluate the effectiveness of the Board and the Board Committees as well as the performance of each individual Director for the financial year ended 31 December 2020:

- (i) Directors' self/peer evaluation;
- (ii) Board and Board Committee performance evaluation;
- (iii) AC members' peer evaluation; and
- (iv) Assessment of Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors. (cont'd)

The results are tabulated and presented to the NC for its review and recommendation to the Board for notation. A summarised version of the results is circulated to each Director for their information. The criteria for the evaluations are guided by the Corporate Governance Guide: Towards Boardroom Excellence. The NC has evaluated the above assessment forms at the NC Meeting held on 5 May 2021 and observed that the performance of the Board and Board Committees, in terms of its structure, operations, and roles and responsibilities was consistently strong, effective and efficient.

The NC of the Company comprises entirely of Independent Non-Executive Directors.

The composition of the NC is as follows:

- Chairperson : **Balraj Singh Pannu A/L Gajjan Singh**
(Independent Non-Executive Director)
- Members : **Zhai Baoxing**
(Independent Non-Executive Director)
- : **Lim See Tow**
(Independent Non-Executive Director)

The NC, in discharging its duties, is guided by its Terms of Reference, which is available on the Company's Website. The Terms of Reference of the NC was last reviewed on 25 February 2021.

During the financial year ended 31 December 2020, the NC held one (1) meeting to undertake the following activities:

- (1) Reviewed the performance evaluation forms for Directors and Board Committees;
- (2) Reviewed the effectiveness of the Board as a whole and of the Board Committees;
- (3) Reviewed the terms of office and performance of the ARMC and each of its members;
- (4) Assessed the independence of each of the existing Independent Directors with each Director abstaining from deliberation on his/her own assessment;
- (5) Recommended to the Board on Directors who are retiring by rotation and to be put forward for re-election;
- (6) Reviewed and recommended to the Board to seek shareholders' approval at the forthcoming AGM for Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years and is eligible and fit to continue to assume the roles as an Independent Non-Executive Director;
- (7) Reviewed the current mix of skills, experience and other qualities of the Board;
- (8) Reviewed the independence, experience and skills set of the proposed candidate(s) and recommended to the Board on the appointment(s) of the same for the position as Director(s) of the Company; and
- (9) Recommended to the Board on the reconstitution of the various Board Committee following the resignation and appointment of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration

6.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

(i) Remuneration Committee

The RC of the Company comprises entirely of Independent Non-Executive Directors.

The composition of the RC is as follows:

Chairperson	:	Lim See Tow (Independent Non-Executive Director)
Members	:	Zhai Baoxing (Independent Non-Executive Director)
	:	Balraj Singh Pannu A/L Gajjan Singh (Independent Non-Executive Director)

During the financial year ended 31 December 2020, the RC had one (1) meeting to carry out its functions. The details on the functions of the RC are set out in its Terms of Reference, which is available on the Company's Website.

(ii) Remuneration Policy

The RC determines and advises the Board on the broad policy for remuneration of the Company's Executive Chairman, Managing Director, Executive Director and senior members of the Company as the RC is directed to consider. The RC also determines and recommends to the Board any performance related pay schemes for Executive Directors.

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

(i) Directors' Remuneration

The aggregate remuneration of the Directors received from the Company and the Group for the financial year ended 31 December 2020 are set out below:-

A. Aggregate Remuneration

	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
	RM	RM	RM	RM
Salary	270,000	-	594,261	-
Fees	-	82,500	-	82,500
Other emoluments	33,039	-	33,039	-
Total	303,039	82,500	627,300	82,500

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration (cont'd)

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (cont'd)

(i) Directors' Remuneration (cont'd)

B. Individual Director's Remuneration

	Salary RM	Fee RM	Allowances RM	Emoluments RM
Executive Directors				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	210,000	-	-	25,200
Liu Guodong	324,261	-	-	-
Datuk Lim Chih Li @ Lin ZhiLi	60,000	-	-	7,839
Non-Executive Directors				
Lim See Tow	-	30,000	-	-
Zhai Baoxing	-	30,000	-	-
Liu Xueqiang *(resigned w.e.f. 2 April 2020)	-	-	-	-
Balraj Singh Pannu A/L Gajjan Singh *(appointed w.e.f. 2 April 2020)	-	22,500	-	-

C. Key Management Remuneration (by Band)

Key management personnel of the Group whose total remuneration during the financial year ended 31 December 2020 are as follows:

	Yan Bindong	Lee Yew Jin	Ng Chee Seng	Dr. Wan Muhamad Hasni Bin Wan Sulaiman	Abdullah Abbas Bin Wan Mohd Hasni	Mohd Afdha Bin Md Yusof	Tony Foong Chong Thong
	(General Manager – Coke Operations)	(COO and Head of Technology- Driven Food & Beverage Division)	(Head of IOT and Smartcity Enablement Division)	(Head of Technology and Digital Division) (Chief Data Scientist)	(Head of Data Analytics and Business Intelligence Division)	(COO of Data Analytics and Business Intelligence Division)	(Group Financial Controller)
RM50,000 and below				✓	✓	✓	
RM50,001 – RM100,000							
RM100,001 – RM150,000							
RM150,001 – RM200,000							
RM200,001 – RM250,000							✓
RM250,001 – RM300,000							
RM300,001 – RM350,000	✓	✓	✓				

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

8.0 There is an effective and independent ARMC. The Board is able to objectively review the ARMC's findings and recommendations. The company's financial statement is a reliable source of information.

- (i) The ARMC is chaired by Ms. Lim See Tow, who is a separate person from the Chairman of the Board, Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar.

The composition of the ARMC is set out in the ARMC Report of this Annual Report.

The Terms of Reference of ARMC has indicated that the appointment of a former key audit partner, if any, as a member of the ARMC shall observe a cooling-off period of at least two (2) years before he/she can be appointed as a member of the ARMC.

- (ii) The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of financial results. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting.
- (iii) The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 2016 and the MMLR of Bursa Malaysia Securities have been applied or complied with, as the case may be.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensive assessment of the Group's financial position and business prospects in the Directors' Report and the Financial Statements of this Annual Report.

- (iv) An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the MMLR of Bursa Malaysia Securities. The ARMC reviews and reports to the Board for consideration any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and any general meeting convened to consider such matters.
- (v) The ARMC assesses the suitability and independence of the External Auditors on an annual basis. The areas of assessment include amongst others, the External Auditors' objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and the relevant Partner's involvement. The inputs and feedback from the Management who engages directly with the external audit team throughout the financial year would also be referred to by the ARMC in its consideration of the suitability of the External Auditors.

The External Auditors, in supporting their independence, will provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. Accordingly, the External Auditors have provided such declaration in their annual audit planning memorandum presented to the ARMC of the Company during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit and Risk Management Committee (cont'd)

8.0 There is an effective and independent ARMC. The Board is able to objectively review the ARMC's findings and recommendations. The company's financial statement is a reliable source of information. (cont'd)

(v) (cont'd)

The External Auditors of the Company fulfil an essential role on behalf of Company's shareholders in giving an assurance to the shareholders on the reliability of the financial statements of the Company and the Group.

The External Auditors have an obligation to bring to the attention of the Board of Directors, the ARMC and the Management any significant shortcomings, if any, in the Group's systems of reporting, internal control and compliance with the applicable approved Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The External Auditors of the Company are invited to attend at least two (2) meetings with the ARMC a year to discuss their audit plan and audit findings on the Company's yearly financial statements. In addition, the ARMC will also have private sessions with the External Auditors without the presence of the Management and Executive Directors to enable exchange of views on issues, if any, that are deemed to require attention.

During the financial year ended 31 December 2020, the amount of audit fees and non-audit fees paid to the External Auditors by the Company and the Group are as follows:-

	Group RM	Company RM
Audit fees	718,770	82,500
Non-Audit fees	74,000	74,000

The non-audit fees are in respect of review of the Statement of Risk Management and Internal Control, as well as assuming the role of a reporting accountant for the purpose of various corporate exercises during the year.

In considering the nature and scope of non-audit fees, the ARMC is satisfied that they are not likely to create any conflict of interests or impair the independence and objectivity of the External Auditors.

The ARMC and the Board are satisfied with the performance, competency and independence of the External Auditors and the Board has accordingly recommended their re-appointment as the Company's External Auditors for shareholders' approval at the forthcoming AGM.

The key features underlying the relationship of the ARMC with the External Auditors are included in the Summary of Works of the ARMC as detailed in the ARMC Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control Framework

9.0 Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

- (i) The Board continues to review and evaluate the effectiveness of the Group's systems of internal control to safeguard the shareholders' investment and the Group's assets. These controls provide a reasonable but not an absolute assurance against material misstatement, loss or fraud.
- (ii) The Company has in place an on-going process for identifying, evaluating and managing key risks that may affect the achievement of the business objectives of the Group. Towards cultivating a sustainable risk management culture, risk management principles and practices are embedded into existing key processes across different functions within the Group.

10.0 Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

- (i) The Group's internal audit function is carried out by an in-house Internal Audit Department and an outsourced professional service firm, namely Talent League Sdn. Bhd., which report directly to the ARMC. The scopes of the internal audit, among others include providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes.

The information on the Group's internal control is presented in the ARMC Report of this Annual Report.

- (ii) The Board ensures that the disclosure of material information pertaining to the Group's performance and operations to the public is in accordance with the disclosure requirements under the MMLR of Bursa Malaysia Securities and/or other applicable laws and regulations. Confidential information is restricted to the Top Management only. Selected members of Top Management are responsible for making disclosures and responding to market rumours and queries, if any.

The Company has a Corporate Disclosure Policy that governs the dissemination of corporate information. The Corporate Disclosure Policy is available on the Company's Website.

- (iii) The Board has established a dedicated section for corporate information on the Company's Website where information on the Company's announcements, financial information, share prices and analysts' reports can be accessed.

Shareholders and members of the public are invited to access the Company's Website and Bursa Malaysia Securities website at www.bursamalaysia.com to obtain the latest information on the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by way of announcements and timely release of quarterly financial results through Bursa Malaysia Securities, press releases, annual report and circular to shareholders, should it be necessary.

Any query and concern regarding the Group may be conveyed to the Company's Investor Relations at:-

Telephone no. : 03-2702 4681

Email : info@techna-x.com

Conduct of General Meetings

12.0 Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

- (i) The AGM is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 28 days before the said meeting. All Directors are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification, should it be required, on issues and concerns raised by shareholders. In the event that an answer cannot be readily given at the meeting, the Company will undertake to provide a written reply to the shareholder at a later date.
- (ii) All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board will make an announcement of the detailed results showing the number of votes casted for and against each resolution at general meetings for the shareholders' information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Key Focus Areas and Future Priorities

The Board is fully committed to compliance with regulatory requirements under the MMLR, MCCG 2017, the applicable rules and regulations, and in steering Techna-X Group's vision as a frontrunner in leading the way in the digital technology solutions space.

The Board's processes, proceedings and governance structure are constantly assessed and benchmarked to remain competitive, refreshed and agile with a continued focus on strategy, governance and compliance.

Key focus areas in the financial year ending 31 December 2021 include intensifying efforts to enhance the Board's composition, dynamics and succession planning of Board members and Management. The Board will continue to emphasize on anti-bribery and corruption, integrity pledges and communication of the Code of Ethics and Business Conduct to Directors, employees and third parties. Further, during the new normal to continue fostering positive interaction between the Board and Management at all levels, while supporting a growth and innovative mindset, it is envisaged that there will be more virtual engagements with Management, interactive workshops, encompassing areas such as operations, risk management, cybersecurity and anti-bribery and corruption. The Board is committed to providing oversight, and working together with Management beyond internal Board and management interactions, but also considering the Group strategy and value creation (for wider stakeholders) and strategic opportunities. As an ongoing effort for the next few financial years, the Board will continue to benchmark itself against other comparable international digital and technology companies.

Overall, the Board is satisfied that the Group has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standards, in its day-to-day operations as well as business dealings.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Statement and the Corporate Governance Report were approved by the Board of Directors on 5 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the MMLR of Bursa Malaysia Securities:-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

(a) Redeemable Convertible Notes ("RCN")

On 5 September 2019, Techna-X had implemented a RCN with an aggregate principal amount of up to RM150 million which is convertible into a maximum of 833,333,333 new Techna-X shares. During the financial year, the proceeds from the issuance of RCN were utilised for the following purposes: -

Purpose	Proposed Utilisation RM' million	Issuance in 2019 RM' million	Issuance in 2020 RM' million	Balance Unutilised RM' million
Business expansion and working capital of Techna-X Group	140.2	3.8	50.2	86.2
Estimated expenses in relation to the RCN	9.8	1.2	2.8	5.8
TOTAL	150.0	5.0	53.0	92.0

(b) Creditors' Debt Settlement

On 26 November 2020, Techna-X had obtained approval from its shareholders to settle an aggregate amount of RM3.5 million debt owing to the creditors by the Company and/or its subsidiary via the issuance of 55,643,880 new ordinary shares in Techna-X at an issue price of RM0.0629 per share ("Creditors Settlement Shares").

The Creditors Settlement Shares were issued as settlement of the amount owing to the creditors. As such, there are no gross proceeds raised from the Creditors' Debt Settlement.

(c) Private Placement

Techna-X had at its Fourteenth Annual General Meeting held on 6 July 2020 obtained a mandate from its shareholders on issuance and allotment of shares provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company.

The Company had on 24 February 2021 announced on the completion of first and second tranches of the Private Placement following the listing of and quotation for a total of 236,461,500 new ordinary shares in Techna-X on the following dates:

Date of Listing	No. of Placement Shares	Issue Price Per Share RM	Gross Proceeds Raised RM' million
22 December 2020	100,000,000	0.1098	10.98
24 February 2021	136,461,500	0.1300	17.74
TOTAL	236,461,500	-	28.72

ADDITIONAL COMPLIANCE INFORMATION

cont'd

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (CONT'D)

(c) Private Placement (cont'd)

During the financial year, the proceeds from the Private Placement were utilised for the following purposes:-

Purpose	Proposed Utilisation RM' million	Amount Utilised RM' million	Amount Unutilised RM' million
Working Capital	27.82	10.18	17.64
Estimated expenses in relation to the Private Placement	0.90	0.80	0.10
TOTAL	28.72	10.98	17.74

2. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors and/or its affiliates are as follows:

	Company RM	Group RM
Audit fees	82,500	718,770
Non-audit fees	74,000	74,000

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of directors, chief executive (who is not a director) and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

There were no recurrent related party transactions of revenue or trading nature entered into by the Company and its subsidiaries during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of Techna-X is pleased to present its Statement on Risk Management and Internal Control ("Statement") which has been prepared in pursuant to Paragraph 15.26(b) of the MMLR of Bursa Malaysia Securities and the requirements of the MCGG and is guided by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers ("Guidelines").

The Statement below outlines the nature and scope of risk management and internal control of the Group's business operations for the financial year ended 31 December 2020 comprising (i) metallurgical coke manufacturing; (ii) technology driven casual dining food and beverage; and (iii) technology and digital transformation enabler.

The Group's technology energy storage solution and super batteries business segment however have not been covered by the scope herein at this juncture as the acquisition of the said businesses were completed only on 14 October 2020, coupled with the fact that these business operations are located outside Malaysia and that travelling are restricted during the year. Notwithstanding that, the Group endeavours to extend the scope of its risk management and internal control to cover these new businesses, as soon as practicable.

THE BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibility in maintaining system of risk management and system of internal control as well as reviewing its adequacy, integrity and effectiveness. In view of the limitations that are inherent in any system of internal control, the system is designed to manage rather than to eliminate the risk of failure in achieving the Group's corporate objectives and can only provide a reasonable but not absolute assurance against any material misstatement or financial losses.

THE RISK MANAGEMENT PROCESS

Apart from financial controls, the Group's system of internal control also covers operational and compliance controls and, most importantly, risk management. As part of the risk management process, the Board is assisted by the ARMC in identifying, assessing and managing the significant business risks faced by the Group throughout the financial year.

The process will be regularly reviewed by the Board through the ARMC and is in accordance with the guidance as contained in the Guidelines.

THE INTERNAL CONTROL PROCESS

The other key features of the Group's internal control system include the following:

- An organisation structure with defined lines of responsibility and appropriate reporting structure including proper approval and authorisation limit for approving capital expenditure and expenses within the Group;
- Internal policies and procedures are documented and regularly reviewed and updated from time to time through a series of manuals and guidelines for all major operations of the Group;
- Strategic planning and annual budgeting are undertaken for all the key business units, namely (i) metallurgical coke; (ii) technology and digital transformation enabler; and (iii) technology-driven food & beverage. Senior Management closely monitors the key performance indicators and financial and operating results to identify and where appropriate, to address significant variances;
- The Internal Audit function performs regular and systematic reviews throughout the financial year on the internal controls to assess and provide sufficient assurance on the effectiveness of the system of internal control and highlights significant risks impacting the Group with recommendations for improvement; and
- The ARMC regularly reviews reports issued by the Internal Audit function on a quarterly basis as well as any reports by the External Auditors which may be presented from time to time. Premised on these reports, the ARMC shall ascertain the adequacy of the Internal Audit processes that the Group have in place.

The Group continues to take measures to enhance and strengthen the internal control environment and system of risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

In accordance to Paragraph 15.23 of the MMLR of Bursa Malaysia Securities and the scope sets out in Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 December 2020.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that has caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor it is factually inaccurate.

CONCLUSION

The Board, with assurance from the Managing Director and Financial Controller, is satisfied that the Group's overall risk management and internal control system are operating adequately and effectively, in all material aspects. There was no material control failure that would have any material adverse effect on the financial results of the Group for the financial year ended 31 December 2020 and up to the date of issuance of the financial statements.

The Board is of the view that the systems of risk management and internal control in place throughout the Group are sufficient to safeguard the Group's interest. Moving forward, the Group endeavors to continue to enhance the existing systems of risk management and internal control, taking into consideration the changing business environment.

This above Statement is made in accordance with a resolution passed at the Board of Directors' Meeting held on 5 May 2021.

STATEMENT ON SUSTAINABILITY

The Group has embraced the values of sustainability and corporate responsibility since the early days (albeit not formally articulated and documented then), given the fact that we have always recognized the production of metallurgical coke could be deemed polluting to the environment, if not properly managed and controlled.

The Group's approach to sustainability is based on the principle that its present needs should be met without compromising the well-being of the future generations. In this respect, the Group endeavours to uphold the following:

- Commit to protect and preserve the environment where it lives and operate in;
- Ensure the economic, social well-being and health of its employees as well as the wider communities are protected;
- Embed corporate sustainability as part of doing its business.

Notwithstanding the above, admittedly the Group has yet to establish a formal structure encompassing a separate Committee to spearhead and pursue the "Sustainability" endeavours of the Group. Pending the formal establishment of the above, the Board has mandated the Executive Chairman and Managing Director to oversee this function for the time being, as this strategy will set the tone from the top to spur a positive mindset change across the entire Group.

Generally, the manufacturing and production of metallurgical coke involves the burning of the coking coal under an extreme temperature environment over a protracted period of time, after which the incandescent coke mass are subjected to a thermal shock, i.e. rapid cooling process. In this respect, the combustion of coal will inherently produce the following emissions:

<i>Emission</i>	<i>Contributory factor</i>
• Sulphur dioxide (SO ₂)	: Acid rain and respiratory illnesses
• Nitrogen oxide (NO _x)	: Smog and respiratory illnesses
• Particulates, dust, etc	: Smog, haze and respiratory and lung disease
• Carbon dioxide (CO ₂)	: Greenhouse gas
• Heavy metals	: Neurological and developmental damage in humans and other animals

Taking cognisance of the above, the Group has conscientiously taken relevant and effective initiatives to control and manage the emissions released into the atmosphere by and putting in place environmental preservation measures and installing advanced environmental protection equipment and mechanism in its production facilities. Significant amount of investments and capital expenditures have been incurred over the years in its pursuit to be an environmentally friendly organization.

The Group has also embarked on an alternative quenching process by installing the more environmentally friendly and efficient "dry quenching" facilities in its operations (in place of its traditional "wet quenching" process). The said "dry quenching" facilities are able to conserve and reduce the amount of water used in the quenching process, hence significantly reducing the amount of waste water and dust/ash emission. Additionally, heat released from the said quenching process is harnessed and recycled instead of being indiscriminately released into the atmosphere.

In addition to the above, the Group has in place since the commencement of its operations, equipment and facilities to capture other relevant emissions and waste produces and convert them into something that can be monetized, i.e. to be reused/recycled or sold, namely coal gas, ammonium sulphate, crude benzene, tar oil, etc.

STATEMENT ON SUSTAINABILITY

cont'd

Further elaboration of some of the abovementioned initiatives undertaken by the Company are as follows:

Initiatives subject matter	Outcome
Particulate and dust control measures	<ul style="list-style-type: none"> • With the completion of the upgrade of the coke oven dust removal equipment, the extent of particulate and dust pollution during loading and unloading of coal into the coking ovens have been substantially reduced. • The said reduction of such pollution into the atmosphere has not only satisfactorily met with the government's environmental requirement standards, it also improved the working and living environment of the staff in the factory compound.
Water treatment and management	<ul style="list-style-type: none"> • The company has a proper system in place for the segregation of rain water and waste water. • All steam pipes, liquid pipes, water pipes and water points connected to the communal sewerage system have been sealed and diverted to a separate designated sewerage area for treatment and management. • Mud, dirt and sediments accumulated in the said pipes are thoroughly cleaned on a regular basis to ensure compliance with the requirement of zero efflux of recycled water. • Increased frequency of maintenance work on the designated sewerage system in the coal storage field in an effort to reduce the waste water being discharged externally. In the surrounding area of the plant, the drainage system have also been upgraded and improved whereby waste water therein is channeled, collected and filtered to be reused to spray onto the coal field for settling down the coal dust and particulates. This had not only complied with the zero efflux of waste water requirement policy, it also reduces the extent of airborne dust and particulate especially in the coal storage field. • With the enhancement made to the water treatment plant, the Company has the met the stringent requirements and standard of the national environment protection department.
Gas purification and treatment	<ul style="list-style-type: none"> • The Company has heightened the frequency for inspection and maintenance of its gas pipelines and odor/gas containment facilities. These facilities enables the recycling of chemical by-products and reduction of hazardous gas emissions. • Coal gas generated during the coking process is partly recycled through the purification process for internal use (to be reused as fuel source for the coke ovens) while the remaining of the said coal gas is sold to the power plant which is located within close proximity. This modus operandi not only enables the Company to reduce the emission of gas into the atmosphere, it also provides an income generating avenue. Similar to the above, the process of further extraction of tar oil and sulphate from the coal gas generated, in addition to the Company being able to reduce harmful emission to the environment, it also generates additional income generating avenue to the Company.

STATEMENT ON SUSTAINABILITY

cont'd

The Group's coke manufacturing plant has also installed an advanced Management Information Systems which enabled direct link to the department of Ministry of Environmental Protection whereby the latter is fed with uninterrupted real-time emission data for their constant monitoring on the emission levels of our plant.

Additionally, the Group aims to avoid all incidences that will put its employees at risk and accordingly aspires to achieve zero accidents and fatalities. However, admittedly the Group could not eliminate entirely those risks and is sad to report that a fire had occurred in its plant's crude benzene facility in 2015. This unfortunate event had resulted in four fatalities and three wounded victims, all of whom immediate and appropriate attention were been extended to. Following thereof, the Group had performed a thorough review of the cause and appropriate remedial actions had been undertaken to eliminate the factors involved and all reviews have been reinforced with continued efforts in training to ensure that all safety procedures are always strictly adhered to. Accordingly, there had been no such incidences since then.

Further to the above, the management is also strict in enforcing occupational safety and health policies and procedures. It is mandatory for all personnel walking inside the compound of the plant to always don a safety helmet. Personnel performing tasks at the various section of the plant must also wear further protective equipment such as safety boots, gloves, goggles, etc. all of which are duly provided for by the Company. Additionally, first aid equipment and training were introduced to enable the personnel to render immediate appropriate first aid response in the event of injuries.

STATEMENT ON DIRECTORS' RESPONSIBILITY

In accordance with the provisions of the Companies Act, 2016, the MMLR of Bursa Malaysia Securities and the applicable approved accounting standards, the Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2020 and the results and cash flows for that year then ended.

In preparing the financial statements, the Directors have also: -

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Followed the applicable approved accounting standards;
- Made judgments and estimates that are reasonable and prudent; and
- Assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and of the Company, as well as to prevent and detect fraud and any other irregularities.

This statement is made in accordance with a resolution passed at the Board of Directors' meeting held on 5 May 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Techna-X is pleased to present the report of ARMC of the Company for the financial year ended 31 December 2020.

COMPOSITION

The members of the ARMC are as follows:

Chairperson : **Lim See Tow**
Independent Non-Executive Director

Members : **Zhai Baoxing**
Independent Non-Executive Director

Balraj Singh Pannu A/L Gajjan Singh
Independent Non-Executive Director
(Appointed w.e.f. 2 April 2020)

Liu Xueqiang
Non-Independent Non-Executive Director
(Resigned w.e.f. 2 April 2020)

TERMS OF REFERENCE

The full terms of reference of the ARMC, outlining the ARMC's composition, proceedings of meeting, authority and duties and responsibility, roles and rights, retirement and resignation, is available on the Company's Website at: www.techna-x.com.

ARMC MEETINGS

The ARMC has convened six (6) meetings during the financial year ended 31 December 2020. The record of attendance of the ARMC meetings is as follows:

Name of Members	Date of ARMC Meeting					
	28 Feb 2020	02 Apr 2020	22 Jun 2020	28 Aug 2020	06 Nov 2020	30 Nov 2020
Ms. Lim See Tow	✓	✓	✓	✓	✓	✓
Mr. Zhai Baoxing	✓	✓	✓	✓	✓	✓
Balraj Singh Pannu A/L Gajjan Singh <i>(Appointed w.e.f. 2 April 2020)</i>	n/a	n/a	✓	✓	✓	✓
Liu Xueqiang <i>(Resigned w.e.f. 2 April 2020)</i>	✓	x	n/a	n/a	n/a	n/a

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF THE WORK OF THE ARMC

In discharging its functions and duties, the ARMC had carried out the following work during the financial year ended 31 December 2020:

Financial Reporting

- (i) Reviewed and discussed the quarterly and year-end financial statements, prior to recommendations to the Board for consideration and approval. The key areas of focus included the following:
- Any change in accounting policies and practices;
 - Significant adjustments, if any, arising from the audit;
 - Going concern assumptions;
 - Compliance and accounting standards and other legal requirements;
 - Significant matters highlighted in the financial statements, if any; and
 - Significant judgments, if any, made by the Management.

The dates on which the meeting of the ARMC were convened during the financial year to deliberate on financial reporting matters are detailed below:

Date of Meetings	Activities
28 February 2020	• Unaudited quarterly report on consolidated results of the Company and Group for the fourth quarter ended 31 December 2019.
2 April 2020	• Audited financial statements for the financial year ended 31 December 2019 and the review of relevant statements/contents for inclusion into the Annual Report 2019.
22 June 2020	• Unaudited quarterly report on consolidated results of the Company and Group for the first quarter ended 31 March 2020.
28 August 2020	• Unaudited quarterly report on consolidated results of the Company and Group for the second quarter ended 30 June 2020.
6 November 2020	• Deliberation on the financial impact to the Group of the proposed disposal of the coke business.
30 November 2020	<ul style="list-style-type: none"> • Unaudited quarterly report on consolidated results of the Company and Group for the third quarter ended 30 September 2020; and • Review of Audit Planning Memorandum for the financial year ending 31 December 2020 prepared by the External Auditors.

External Audit

On 28 February 2020, the ARMC had reviewed the Audit Review Memorandum which had summarised the significant audit findings arising from the statutory audit of the Group and the Company for the financial year ended 31 December 2019, with the External Auditors, HLB AAC PLT (*formerly known as Morison AAC PLT*) ("HLB"). HLB had also confirmed that they have not noted any fraud related incidents that rendered reporting to the ARMC.

On 2 April 2020, the ARMC had reviewed the audited financial statements of the Company and Group for the financial year ended 31 December 2019 and discussed with the External Auditors the results of the final audit conducted on the Company and Group prior to recommending the same to the Board for approval. There were no significant audit issues raised by the External Auditors.

On 30 November 2020, the ARMC had reviewed the Audit Planning Memorandum for the financial year ending 31 December 2020 prepared by HLB, outlining the scope of works, key areas of audit emphasis, audit approach, fraud considerations, timetable, audit fees and the new and revised auditors reporting standards.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF THE WORK OF THE ARMC (CONT'D)

External Audit (cont'd)

During the financial year, the ARMC had two (2) private dialogue sessions with the External Auditors on 28 February 2020 and 30 November 2020 respectively, without the presence of the Executive Directors and Management of the Company to enquire if HLB had encountered issues during their audit that needed to be brought to the attention of the ARMC. All the reported issues have been properly addressed and resolved.

The ARMC reviewed the performance, independence and effectiveness of the HLB and made recommendations to the Board on the re-appointment and remuneration of the External Auditors. HLB confirmed that they have complied with the independence requirements and their objectivity has not been compromised under regulatory and professional requirements.

Internal Audit

The ARMC had reviewed the Internal Audit Report issued by the Internal Audit Department and that of the outsourced Internal Auditors on a quarterly basis and ensured that action plans recommended by the Internal Auditors had been implemented by the Management on a timely basis.

Related Party Transactions

The ARMC reviewed on a quarterly basis to determine whether there were any related party transactions, recurrent or otherwise, in order to ensure compliance with both in-house procedures and the MMLR of Bursa Malaysia Securities.

Other Matters

- (a) The ARMC reviewed the ARMC Report and Statement on Risk Management and Internal Control, prior to submission to the Board for consideration and inclusion in the Annual Report of the Company.
- (b) The ARMC reviewed the Terms of Reference of the ARMC, prior to submission to the Board for approval.

Summary of Work of the Internal Audit Function

The Company has an in-house internal audit personnel to perform internal audit scope for its coke business operations. As for the technology-driven casual dining food and beverage businesses as well as the digital transformation enabler businesses are concerned, the Company has outsourced its internal audit function to an independent professional services firm, Talent League Sdn. Bhd. to assist in performing the necessary and appropriate internal audit function.

Both the in-house and outsourced Internal Auditors report directly to the ARMC and assist the ARMC in discharging its functions and duties.

During the financial year, the scope of internal audit did not cover the newly acquired energy storage solutions and super-batteries business as the acquisition of these businesses were only completed on 14 October 2020, in addition to the fact that these businesses are located outside Malaysia and travel restrictions by the relevant personnel given the COVID-19 pandemic. Notwithstanding the foregoing, the Company endeavours to extend the scope of its internal audit function to cover these newly acquired business areas, as soon as practicable.

The internal audit function is independent of the Management and is not involved in operational activities of the Group. This is to ensure that the internal audit activities are performed with impartiality, proficiency and due professional care.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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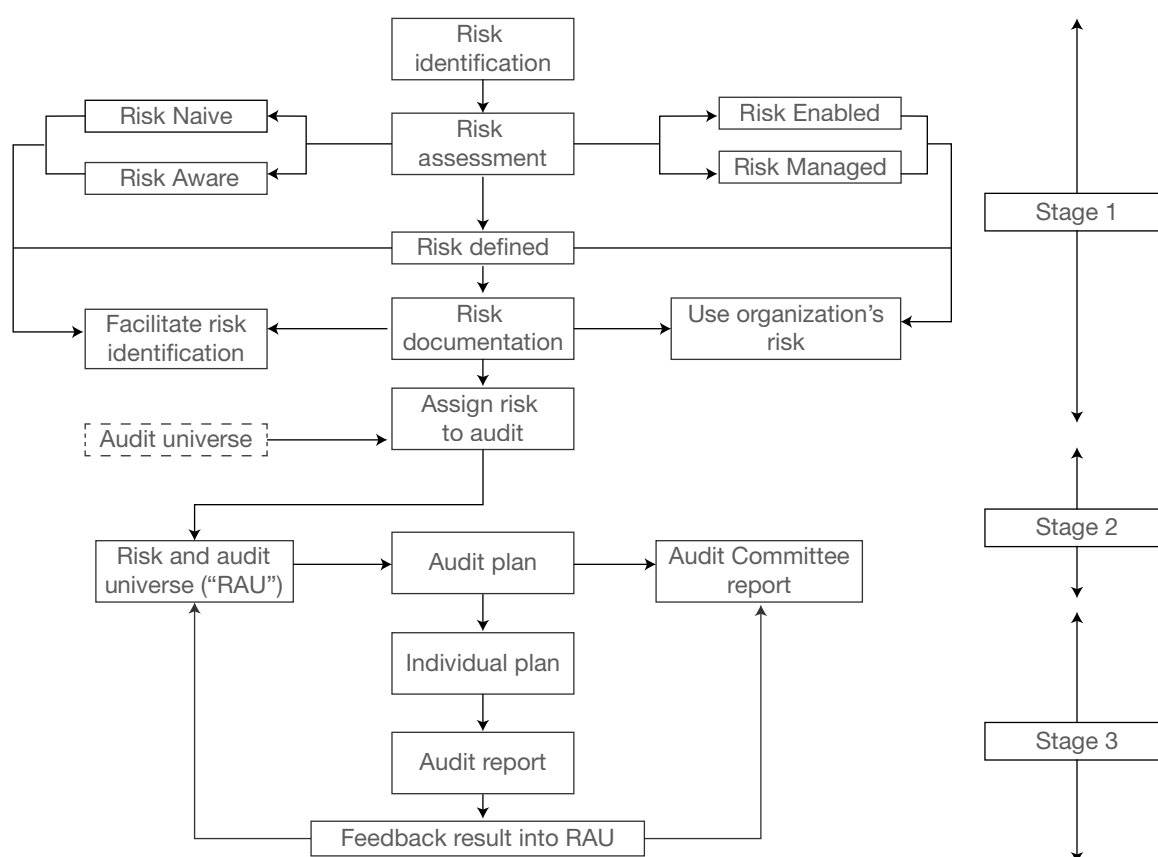
SUMMARY OF THE WORK OF THE ARMC (CONT'D)

Summary of Work of the Internal Audit Function (cont'd)

The principals adopted for the Group's internal audit function involve the Risk Based Internal Audit ("RBIA") methodology which serves to provide assurance that risks are being managed to within the organisation's risk appetite. The methodology consists of 5 core internal audit roles which cover the risk management framework of the whole organisation, namely:

1. Giving assurance that the processes used by the Management to identify all significant risks are effective.
2. Giving assurance that the risks are correctly assessed/scored by the Management in order to prioritise them.
3. Evaluating risk management processes, to ensure the response to any risk is appropriate and conforms to the organisation's policies.
4. Evaluating the reporting of key risks, by managers to directors.
5. Reviewing the management of key risks by managers to ensure controls have been put into operation and are being monitored.

Based on an agreed upon internal audit planning schedule, the abovementioned RBIA approach shall be rolled out in 3 stages, namely:



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF THE WORK OF THE ARMC (CONT'D)

Summary of Work of the Internal Audit Function (cont'd)

The details of the auditable areas, audit objectives and scope are depicted below:

Auditable Areas	Audit Objective and Scope
Human Resource Management	<ul style="list-style-type: none"> To ensure proper internal control system is in place for: <ul style="list-style-type: none"> ✓ Recruitment and selection procedures ✓ Training and development plan ✓ Handling of personnel matters ✓ Working environment ✓ Payroll processing ✓ Disciplinary and termination To ensure proper compliance with policies and procedures.
Business Development	<ul style="list-style-type: none"> To ensure proper internal control system is in place for: <ul style="list-style-type: none"> ✓ Business development / sales monitoring (budget vs actual) ✓ Execution of marketing strategy ✓ Sales negotiation, authority and pricing policy ✓ Order processing and fulfillment ✓ Warehousing and tracing and recording ✓ Inventory distribution / delivery ✓ Invoicing and collection To ensure proper compliance with policies and procedures.
Financial Reporting	<ul style="list-style-type: none"> To ensure proper internal control system is in place for: <ul style="list-style-type: none"> ✓ Receipt system ✓ Payment system ✓ Management reporting ✓ Petty cash management ✓ Information storage and backup procedures To ensure proper compliance with policies and procedures.
Fixed Asset Management	<ul style="list-style-type: none"> To ensure proper internal control system is in place for: <ul style="list-style-type: none"> ✓ Capitalisation and depreciation policy ✓ Acquisitions and disposals ✓ Custodianship and safeguarding of assets ✓ Repair and maintenance ✓ Insurance coverage ✓ Company's property, plant and equipment To ensure proper compliance with policies and procedures.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2020 amounted to RM68,546.

BOARD'S CONCLUSION

The Board is satisfied that the ARMC and its members have carried out their functions, duties and responsibilities in accordance with the Terms of Reference of ARMC and there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by the Management.

MANAGEMENT DISCUSSION AND ANALYSIS

Even prior to the Covid-19 pandemic, the management of Techna-X Berhad (formerly known as Sino Hua-An International Berhad) (“TXB”) had anticipated the lack of visibility in the metallurgical coke industry and initiated a series of acquisitions in the digital transformation and energy storage space. This has been a fortuitous move as the coke business continues to be affected by a hostile industry environment and unfavourable governmental policies stemming from the structural reforms of the China economy made worse by the pandemic.

The expectation of a continuing slowdown of the China economy to a “New Normal” (*a concept used by Chinese leaders to describe the fact that a relatively lower annual GDP growth is now an acceptable norm moving forward and that this new development model places a strong emphasis on: shifting the balance of growth away from heavy-industrial investment and toward domestic consumption, particularly of services; innovation; and environmental sustainability, emphasising reductions in air pollution and other forms of local environmental damage, as well as in GHG emissions*) moving forward will be a drag on the domestic coke and steel industry as these commodities are directly correlated to the GDP growth driven by fixed assets investments.

These policies are expected to continue and will lead to a reduction in capacity and/or closure of steel facilities. As coke is a key material used in steel production, the reduction in number of steel facilities is expected to affect demand for coke and the viability of the coke businesses in particular that of independent coke manufacturers.

In sharp contrast, the new acquisitions in the digital and technology space show much growth potential and promise. This initiative was inaugurated with the completion of the acquisition of the TouchPoint group (digital transformation enabler driven by Smart City and IOT solutions) and Craveat International group of companies (technology-driven casual dining food and beverage business) in the fourth quarter of 2019. In 2020, TXB Group went on to complement these acquisitions by acquiring MD Labs Sdn Bhd (business intelligence and data analytics) on 24 September 2020 and HK Aerospace Beidou New Energy Industry Technology Co. Ltd (energy storage solution and smart-batteries) on 14 October 2020. More recently, TXB Group announced a partnership with industry pioneers in the electric mobility space to develop low voltage mobility solutions for the transportation industry. The potential is tremendous as this would address the mass market requirement for the electrification of transport. All of these investments and acquisitions have placed TXB Group in a strong position from which to establish itself as one of Malaysia’s leading digital enablers in facilitating the nation’s rollout of Industry 4.0.

Transactions completed and announced during the financial year, amongst others, include the following:

1. Acquisition of MD Labs Sdn Bhd (“MLSB”)

The acquisition of MLSB involves the purchase of 100% equity interest from the vendors for a purchase consideration of RM12.5 million. The said acquisition came with a profit guarantee of RM1.5 million per year (for two years) thus translating to a PE multiple of 8.3x.

In addition to the above transactional terms and synergistic aspects of MLSB to the Group moving forward, the Board also deliberated on, amongst others, the following profile of MLSB:

MLSB is a leading Intelligence Solutions provider in the field of Data Analytics. The company has been a trusted advisor and strategic partner to some of the leading organizations in Malaysia. Its team of professionals brings forward experience from Government, Utilities, Retail, Fast Moving Consumer Goods (FMCG), Manufacturing, Telecommunications and Healthcare services to name a few.

Founded in 2017, MLSB has helped many clients bring a new meaning to their unsorted data by providing useful analytics and business intelligence. MLSB help business leaders improve business performance by maximizing efficacy of business information. With its proven methodologies and expertise in the Data Analytics, Business Intelligence, Performance Management and Data Warehousing, the company has the edge to get things right the first time.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Timely and accurate supply and demand data is essential for the consumer market, where a close to a third of the world's expenditure are centered. Previously, this intelligence was only available in countries where clean and timely data was readily provided by governments or their specialist groups. MLSB is able to offer this data to public and private sectors in Malaysia, in the hope of creating a more efficient and transparent consumer market, improving city planning, and shaping a sustainable urban environment.

MLSB' main portfolio of proprietary products include:

- **WIZARD:** The SPARKS WIZARD application is created to control, shape and clean data that is needed by using the Shiny platform in R studio.
- **GENESIX:** In SPARKS GENESIX, data and information are presented in quality visual plots and models in order to give more insights towards the social media data.
- **COSMOS:** The SPARKS COSMOS application is created to analyze data in geospatial manners by using the Shiny platform in R studio.

MLSB has demonstrated the usefulness of its technology with several clients including government agencies. It is the intention of the company to position itself as an integrated solutions and intelligence provider to prospective clients.

The Covid-19 outbreak and crisis is expected to be an impetus for businesses and public and private sector organisations to move towards digitalization and digitalized solutions as mooted under IR4.0.

Together with MLSB, the Group is envisaged to be well equipped to be a leader in this space by enabling and empowering business and organization to transform them in a timely and seamless manner.

2. Acquisition of HK Aerospace Beidou New Energy Technology Co. Ltd ("HKAB")

The acquisition of HKAB involves the purchase of 50% equity interest from the vendors for a purchase consideration of USD11.25 million. The said acquisition came with a profit guarantee of USD2.5 million thus translating to an effective PE multiple of 9x.

In addition to the above transactional terms and synergistic aspects of HKAB to the Group moving forward, the Board also deliberated on, amongst others, the following information on HKAB:

Guangxi Aerospace Beidou New Energy Industry Technology Co. Ltd. ("Aerospace Beidou") a subsidiary of HKAB, is a new high technology company established in 2014, with a registered capital of RMB215 million. The Company is located in the Guangdong-Guangxi Inter-provincial Pilot Cooperation Special Zone and is focussed in the development of cutting-edge, game changer products for adoption into the China and global market.

The priority project of Aerospace Beidou is the development of products from applications related to Super-Capacitor technology. A rapidly emerging and increasingly applied technology, Super-Capacitors are capable of storing and discharging energy very quickly and effectively. Due to their many benefits, Super-Capacitors are currently being utilized in thousands of different applications, and considered in an equally diverse range of future applications. Super-Capacitors complement a primary energy source which cannot repeatedly provide quick bursts of power, such as an internal combustion engine, fuel cell or battery. Premised on the abovementioned wide-ranging applications of the Super-Capacitors, its future prospects is expected to be very bright, given its potential as a powerful alternative energy resource.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Potential applications of Super-Capacitors, among others include the following:



Harvest power from regenerative braking systems and release power to help hybrid buses accelerate.



Used in blade pitch systems and to help increase reliability and stability to the energy grid.



Reliably crank semi-trucks in cold weather or when batteries are drained from repetitive starting or in-cab electric loads.



Capture energy and provide burst power to assist in lifting operations.



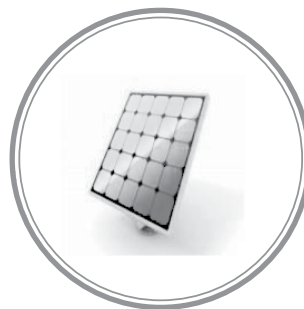
Provide cranking power and voltage stabilization in start/stop systems, backup and peak power for key automotive applications – and serve as energy storage in regenerative braking systems.



Provide energy to data center between power failures and initiation of backup power systems, such as diesel generators for fuel cells.



Capture energy from regenerative braking systems and release power to assist in train acceleration and used for vehicle power where overhead wiring systems are not available.



Provide energy storage for firming the output of renewable installations and increasing grid stability.

Aerospace Beidou has acquired the patented technologies related to Super-Capacitors from a prominent scientist by the name of Dr K.C. Tsai, formerly President of Apogee Power based in California, USA. Dr Tsai is a well-known expert in the field of Super-Capacitors and has previously worked with institutions such as Pinnacle Research Institute, Lawrence Livermore & Lawrence Berkley, DARPA, Philip Morris, Eli Lilly, Electric Power Research Institute and Motorola, Energy Systems Laboratory, Lockheed Missiles & Space Company, among others. Dr Tsai has also published various technical papers on the subject matter, and will continue to stay as advisor to the company.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The company has acquired over 27 global patents related to Super Capacitor material, manufacturing and assembly, and collaborating with high-tech companies in Taiwan to build the country's most advanced, and the only Rare Metal super capacitor high-tech industrialization demonstration base in China. At present, the company's factory in Wuzhou Guangxi is producing (i) Rare Metal Super Capacitors, (ii) Super Capacitor enhanced batteries, (iii) Super-Capacitor Fuel Efficient Accelerator (SFEA) and (iv) other energy-based products.

The Rare Metal Ruthenium Super Capacitor technology originated from the United States, and later transferred to Taiwan, and eventually was acquired by Aerospace Beidou. It is the company's mission to spearhead the rapid development of China's renewable energy trend in industries such as transportation, telecommunication, power generation, heavy machineries and others.

Rationale

The acquisition of HKAB Group, which is one of the leading advanced technology group specializing in ultra capacitor technology for the Internet of Things (IOT) and energy storage sector, is expected to solidify TXB's digital transformation and digital ecosystem solutions. This is brought about by the fact that the HKAB Group has a complete patent-field and patent strategy in ruthenium ultra capacitor technology, upon which it has established a 8.25 acre factory in China's Guangxi Hi-Tech Industrial Park – believed to be one of the first ruthenium ultra capacitor manufacturing facility in the world. Additionally, the HKAB Group also has an IOT business that uses its ultra capacitors to develop its own proprietary systems and also supplies its ultra capacitors to a range of industries for energy storage. This acquisition will further strengthen TXB's market position as a digital transformation enabler as it will complete the puzzle for TXB to transform itself into a technology company in the digital transformation space.

Prospects

The acquisition of HKAB Group is both timely and well placed for TXB, as the digital technology business is envisaged to be the Group's focus area of growth moving forward.

According to the Global and China Super-Capacitor Industry Report 2019-2025, with a higher penetration in transportation and consumer electronics, the global market size of Super-Capacitors has mushroomed, especially Asia-Pacific Region sees the highest growth rate. The global Super-Capacitor market valued \$1.01 billion in 2018, and it is expected to garner \$4.09 billion by 2025, with a CAGR of 22.1%. In the upcoming five years, Super-Capacitors will be largely utilized in transportation and consumer electronics. From a geographical perspective, Asia-Pacific consumed the most Super-Capacitors worldwide in 2018, and the consumption herein will increase at the highest rate in the next few years. Super-Capacitors were initially used by the US military in the field of electronic equipment due to instantaneous high power, fast charging and discharging. Later, it finds wider application in transportation, industrial equipment, electric power, and new energy. 38% of the Super-Capacitor market size is forecast to be triggered by transportation, about 30% by the industrial sector, and 21% by the new energy sector.

Insofar as energy storage is concerned, according to Global Energy Storage Market 2019 by Lux Research, the total energy storage market is expected to grow to \$546 billion in annual revenue by 2035. It also indicates that the commercialization of five new technologies, namely that of (i) battery recycling, (ii) electric aviation, (iii) flow batteries, (iv) thin-film batteries, and (v) solid-state battery improvements, could drive growth. Lux Research concludes that revenue and deployment growth for the energy storage market will vary drastically over the next three years. Plug-in light-duty vehicles will likely remain the largest market with a predicted \$24 billion increase in revenue by the end of 2022. Next, medium and heavy-duty vehicles are estimated to grow from \$600 million a year in 2019 to \$3.6 billion per year in 2022. Residential storage follows with a projected CAGR of 76% and \$8 billion revenue increase over the next three years. Personal mobility will also be affected with a CAGR of 49% and \$4.6 billion revenue increase.

Through 2035, it was identified that the major driver for growth and demand of energy storage is mobility applications, as personal mobility devices are expected to increase to \$43.7 billion from their current \$2 billion in revenue. Stationary storage is also expected to grow to \$111.8 billion in revenue by 2035, marking a significant increase from its \$9.1 billion revenue in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The energy storage industry is poised for a massive increase in annual revenue and deployment capacity as key innovative technologies, such as solid-state batteries and flow batteries, reach commercialization. Electric mobility applications, primarily light-duty passenger vehicles, is expected to be the principal long-term driver of energy storage annual revenue and demand, with a total market share of 74% by annual revenue and 91% by annual deployed GWh by the year 2035, according to Lux Research.

3. *Proposed Disposal of Metallurgical Coke Business*

TXB's Coke Business had, over the years, undergone very difficult times and no clear visibility of a sustainable recovery appears to be in sight. This is owing to the fact that the coke industry is continually being affected by a hostile industry environment and unfavourable governmental policies stemming from the structural reforms of the China economy wherein China which will no longer be the manufacturing hub for the world nor that its growth being driven by traditional heavy industries and massive fixed asset investments as well as the intensified environmental policies.

These policies has led to a continuous reduction in capacity and/or closure of steel facilities. As coke is a key material used in steel production, the reduction in number of steel facilities will affect demand for coke and the viability of the coke businesses in particular that of independent coke manufacturers.

The deteriorating performance of the coke business can be evidenced by the losses amounting to RM182 million in FY2019 and a further RMB163 million in FY2020. In addition to the above, the net profit margin of the coke business had been shrinking from a high of 9.1% in the FY2017 to a net loss margin position of -23.26% in FY2019 and -53.78% in FY2020 respectively.

Moving forward, the coke industry is expected to face multiple challenges which alluded to the fact that there is lack of visibility for a sustained turnaround in the said industry. Amongst others, some of the key challenges include:

- (i) Structural changes in the China's independent coke industry landscape, stemming from shifts in governmental policies and structural economic reforms which will result in a continued slowdown/muted China economy;
- (ii) Restrictive government policies and strategic targeted intervention on polluting heavy industries pursuant to China's national endeavour to protecting the environment and addressing pollution level in the entire country;
- (iii) Lingering uncertainties in the economic environment such as the United States and China trade tensions, which may reduce demand for steel from the United States;
- (iv) Economic and geopolitical risks emanating from the United Kingdom Brexit factor, Europe and the Middle East which have affected the economies in these countries. Thus, lower demand for coke and steel is expected from these countries; and
- (v) Covid-19 pandemic which led to a slowdown in most economies around the world. The slowdown is expected to lead to lower construction activities in other countries, thus resulting in lower demand for steel and coke.

In addition, the coke industry is also exposed to factors such as higher raw material costs and lower selling price for coke, which have further impacted TXB Coke Business's financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

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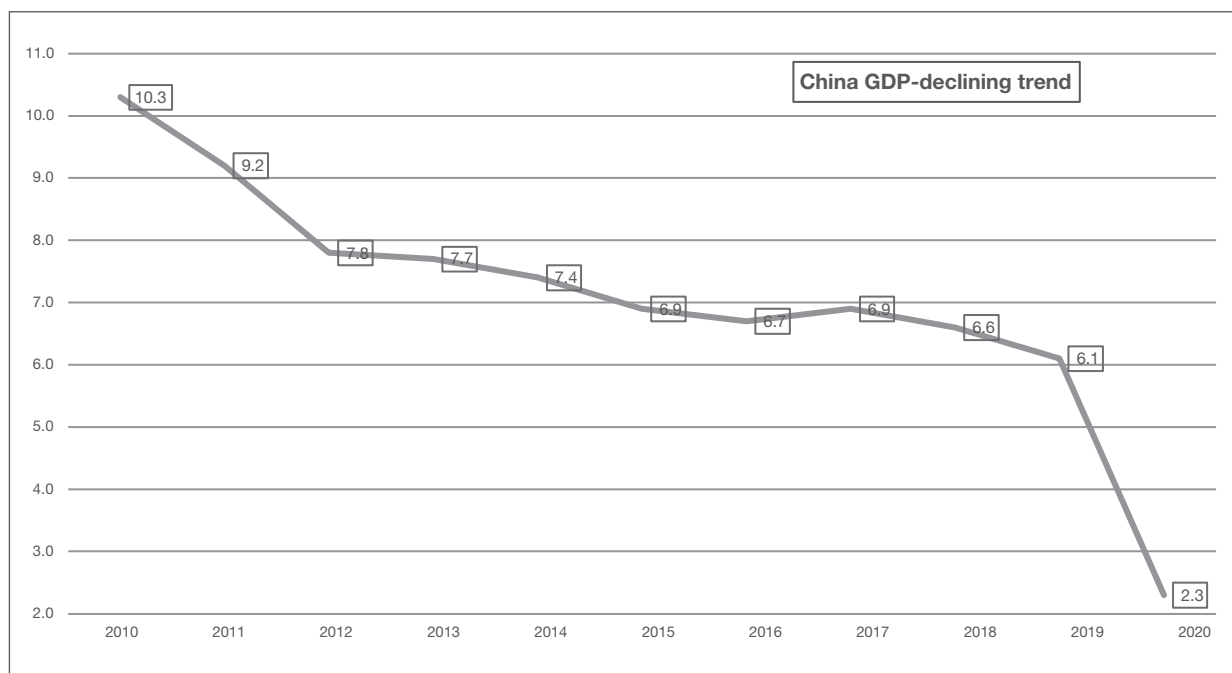
Based on the increasing challenges as described above, as well as the deteriorating financial performance of the Coke Business, eroding profit margin and the competitive business environment which inherently puts the overall viability of the Coke Business undertakings into question, the Board is proposing to dispose its Coke Business as soon as practicable in an effort to stem the predicament and strain on the financial resources of the TXB Group. Upon completion of the Proposed Disposal, TXB Group will have remaining of its business in the Remaining Businesses.

Notwithstanding the acquisition and diversification into the New Businesses, the Group's financial performance was weight down, and is expected to continue to do so, by the persisting dire situation besetting the Coke Business operations.

Accordingly, the Board had determined that it will no longer be viable for the Group to continue operating the Coke Business and had to promptly address the debilitating financial strain that the Coke Business had and is expected to continue to have, on the Group moving forward should the Coke Business be tenaciously retained.

Unfavourable pricing dynamics

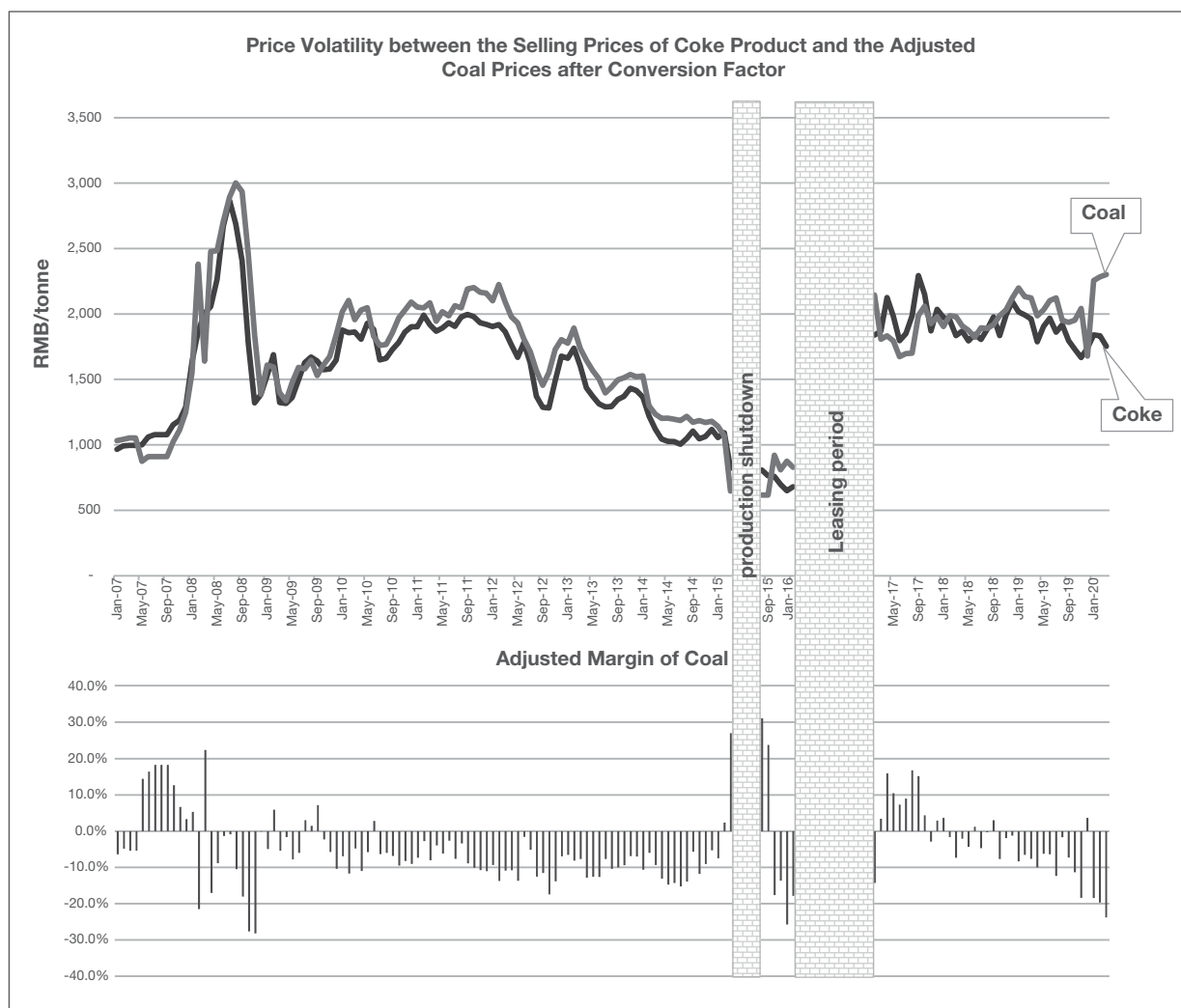
From a marco-economic perspective, the continued declining trend of China's GDP further vindicates the lack of visibility for the coke business as economic growth is one of the key indicator for the steel industry and its peripheral industries, including that of coke.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Premised on the above, it can be inferred that should the China economy continues with its declining trend moving forward, the coke industry will be further depressed. This can be further evidenced by the fluctuation in the coke-coal pricing dynamics, as shown below:



The above chart shows the actual average pricing trend of the coke and coal transacted by TXB over the years and it is evident that the price of coke and coal have been quite volatile, tracks in tandem with each other as well as that of the health of the economy. It is evidently clear that the adjusted price of coal appeared to be higher than the average price of coke, especially in the recent years commencing 2018. Admittedly, whilst instances of similar circumstance did exist in some of the previous years, those negative margins largely were adequately compensated by the contributions derived from the by-products. Unfortunately, such was not the case in the recent years as the prices of the by-products were also battered downwards to levels where they could not pick up the slack left behind by the unfavourable coal-coke pricing dynamics.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Restrictive Governmental Policies

Concurrent with the abovementioned deceleration of the Chinese economy, the government is placing serious efforts in addressing the pollution level of the country. This has resulted in continued elevation of the environmental policies which in turn directly impacting heavy industries players by virtue of the need for incessant capex upgrading of equipment/facilities just to keep up with the ever-evolving environmental policies. Concomitantly, in its commitment to push for clean environment, minimal pollution and zero hazardous emission levels, heavy industries are subjected to frequent periodic production curb as well as faced with the impending threat of forced permanent capacity reduction, relocation and/or complete cessation of production, as the case may be. The manufacturing of metallurgical coke (together with other heavy industries like steel manufacturing, aluminium smelting, chemical production, ceramics, etc) unfortunately is deemed a polluting industry and thus cannot avoid but to be subject to all these potential threats.

Allusions abound within the industry suggesting that the local municipal government (as part of its effort to be in line with the central government's call for cut in pollution level and strict enforcement of environmental protection policies for the well-being of the community), contemplates an initiatives to reduce production capacity and/or relocate some of the existing production facilities of heavy industries away from highly populated zones. However, at this present juncture (as of the date of writing), the Group's subsidiary undertaking the coke business, namely Linyi Yahua Coking Co. Ltd ("YEHUA") has yet to receive any official written directives or instructions from the relevant authorities on this matter. In this respect, the management will be cautiously monitoring the development of this matter and will take appropriate remedial actions should it materialises. Notwithstanding the above, YEHUA's coke production capacity were also curbed to a large extent. In addition to still being unable to recommission its coke ovens #4 and #5 (which collectively account for 900,000 tonnes of YEHUA's annual production capacity) since the mandatory shutdown in 2015, YEHUA (together with other industries deemed to have emissions) have also been periodically subjected to "persuasive directive" by the local municipal government to reduce its production level of its remaining existing operating capacity in order for the said governmental authority to ensure the pollution level in the area concerned at any material point of time, does not exceed the allowable stipulated limit. To put things into perspective, according to a report by China's Ecology and Environment Department, for an eight-month period between January and August of 2019, Linyi City (the locale in which YEHUA's coke plant is operating in) appeared as the bottom six most polluted city amongst the 168 major cities in China.

In its attempt to sustain its coke business throughout the prior years of trials and tribulations, TXB had found itself being financially haemorrhaged and is expected be in further dire financial straits should the situation in the industry does not improve soon, a hope that is still clouded with pessimism premised on the discussions outlined above.

Financial landscape

Given the volatile historical financial results TXB had registered, for FY2020 the coke business registered yet another round of huge loss of approximately RM163 million, resulting in a debilitating blow to the Group's financial position. Given the polluting nature of its coke manufacturing process, TXB's coke business undertakings is expected to be continually pummelled by incessant hostile industry environment and unfavourable governmental policies in FY2021 (with an expectation of further substantial loss) and the foreseeable years thereafter, with no visibility of any rebound. Concurrently, the Group's cashflow position is expected to be severely affected, should it continue to be persistent in continuing to hold on to its coke business operations on the back of these protracted dreary landscape. These circumstances will only serve to continuously diminish shareholders value should such dire situation is not addressed on a timely basis. Accordingly, TXB's financial health is in a precarious position and immediate proactive steps need to be taken in effort to stem the financial haemorrhage that has been besetting the Group.

Opportunity cost of cessation and relocation of coke business

Further to the expected poor showing of the financial performance in regards to the prospects of the coke business, YEHUA's coke operations is faced with possible threat of being asked to relocate and/or compelled to merge with other coke manufacturers. Although there is no clear and specific written directive from the government yet at this juncture, talks are abound within the industry that this is one of the government's aspirations to see a consolidation within the coke industry as well as to address the unresolved perennial environmental pollution level in the area concerned.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Premised on the above and should the Group seeks to continue with the coke business, it will need to allocate an amount of capex estimated up to the tune of RMB1.8 – 2.0 billion (equivalent to approximately RM1.1 – RM1.2 billion) to relocate and rebuild a new coke plant in the new designated location. This amount of estimated capex cost is derived from management's research and engagement with relevant contractors and plant design teams to establish a preliminary costing for coke ovens based on the specific oven specification prescribed by the government.

The existing coke plant, in particular the coke ovens, cannot be salvaged and re-purposed at the new site as they will be damaged once they are shut down and their internal temperature were to fall below 300°C (as evidenced during the mandatory shutdown sometime in 2015). Moreover, the existing coke ovens are that of 4.3m³ spec oven have been outmoded by the presently allowable 7.0m³ spec oven, thus whatever salvaged parts, assuming they are still usable, will not be suitable to be repurposed onto the new plant.

Conclusion

Premised on the facts iterated above, the landscape for the coke industry in China has changed and that its prospects, in particular for an independent producer like YEHUA, is no longer tenable.

This is given the fact that in order for it to continue with the coke business, TXB needs to potentially plough in and reinvest huge amount of capex, estimated at approximately RMB1.8 – RMB2.0 billion (as outlined above), to relocate and rebuild its coke plant at the new designated site while contending with the continuous haemorrhaging cashflow as a result of the anticipated poor showing of the coke business in view of the lack of visibility of a turnaround in the industry in the foreseeable future.

Notwithstanding the above, the proposed disposal of the Group's metallurgical coke business shall only take place upon receiving the relevant waiver from Bursa Securities from classifying TXB as an Affected Listed Issuer pursuant to Paragraph 8.03A of the Main Market Listing Requirements as well as approval from the shareholders at an Extraordinary General Meeting to be convened at a later date.

4. Change of Name from "Sino Hua-An International Berhad" to "Techna-X Berhad"

Following the proposed disposal of the metallurgical coke business, the Group expects to be primarily driven by the Digital Technology and Energy Storage business. Accordingly, in order to reflect the Group's new strategic business direction and core value proposition, a name change was deemed necessary and was approved by the shareholders in an Extraordinary General Meeting convened on 17 November 2020.

"TECHNA-X" is derived from the Greek word "TECHNE" which means the use of craft or skill and is the origination of the word "TECHNOLOGY", while the extension "X" serves to represent the X-factor that the Group has for technology solutions.

FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

Pursuant to the proposed disposal of the Group's metallurgical coke business (via the disposal of the entire equity interest of PIPO Overseas Limited, a wholly-owned intermediate holding company housing the Group's metallurgical coke business undertakings) the revenue and expenses in relation to the Group's metallurgical coke business operations is separately classified according to Malaysian Financial Reporting Standards (MFRS) 5 as "discontinued operations" on the face of Consolidated Statement of Profit or Loss and Other Comprehensive Income and "assets/liabilities held for sale" in the Statement of Financial Position.

Given the continued difficult operating environment besetting the independent coke industry in China as well as the devastating effects of the global Covid-19 pandemic, the Group found itself languishing in negative territory insofar as its financial performance for FY2020 is concerned. Continuing its loss making trend, the Group registered a considerably large consolidated loss for the year amounting to RM182.0 million, the bulk of which was the result of the loss suffered by the coke operations which amounted to RM162.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The Movement Control Order (“MCO” and its respective variants thereof) which resulted in a lockdown and/or partial lockdown, implemented by the Government throughout the larger part of the year 2020 had unfortunately resulted in negative impact to the Group’s digital technology businesses as well. Significant disruptions were experienced in the Group’s technology-driven food and beverage business segment whilst its other digital technology businesses saw majority of the projects (both existing and prospective) being interrupted, deferred and/or kept in abeyance. As the consequence thereof, the Group’s digital technology business segment collectively turned in a loss for the year amounted to RM19.8 million.

The dismal financial performance of the Group for FY2020 was a culmination of various factors. Revenue from the coke business (discontinued operations) during the year stood significantly lower at RM302.9 million in comparison to that recorded in the preceding financial year of RM782.2 million. Such reduction was primarily precipitated by the curb in production level by the Government as well as reduced demand from steel manufacturing customers as a result of the same and overall weakened coke selling price. The annual sales volume had declined by 56% from 677,251 tonnes in FY2019 to 294,896 tonnes in FY2020 whilst the average coke price had decreased by 8.6% from RMB1,862/tonne in FY2019 to RMB1,702/tonne in FY2020.

In tandem with the reduction in sales and production volume of coke, the Group’s coke business saw a inherent corresponding reduction in its cost of sales, from RM832.2 million in the preceding year to RM396.9 million in the current year under review. In addition to the aforementioned lowered production volume, the average selling price raw material, namely coking coal also saw a reduction of approximately 16% from RMB1,328/tonne in FY2019 to RMB1,114/tonne in FY2020.

Whilst the average price per tonne of coke may appear, prima-facie, higher than that of coal, the quantum of the price differential thereof was unfortunately not sizable enough to account for the inherent cost attributed to the coal-to-coke conversion factor. Such phenomenon which had beset the coke industry had thus caused the coke business to turn in a gross loss which amounted to RM93.9 million during the year.

In contrast, the digital technology businesses saw an increase in revenue generation during the year totalling RM20.6 million compared to only RM5.6 million in the preceding year. This was due to the fact that in FY2019, only two months of revenue was recorded by virtue of the completion date of the technology-driven food and beverage business, while a full year revenue of the same was recognised in FY2020, coupled with the revenue recognition from the other digital technology businesses/entities acquired on various dates during FY2020. Notwithstanding the above, the revenue from these digital technology businesses were admittedly disproportionately low in FY2020 due to the impact of the MCO (an its variants thereof) as described above.

The operating expenses of the digital technology business segment saw a significant increase to RM31.1 million in FY2020 from RM6.3 million in the preceding year. This was primarily attributed to the “two-month recognition” effect by virtue of the abovementioned date of acquisition of the technology-driven food and beverage business towards the end of FY2019 as opposed to the full year cost recognition of the same in FY2020 and that of numerous other digital technology acquisitions made in FY2020. Additionally, operating expenses in FY2020 also included the effects interest imputed on the deferred scheduled payments of the purchase consideration for the various acquisitions amounting to RM1.7 million, as prescribed by MFRS 3. Other operating expenses apart from the above, comprises professional fees (for the various corporate and fund raising exercises), rental of premises, staff salaries, depreciation, office and administrative expenses, utility charges, etc.

Finance cost of RM2.3 million recorded during the current financial year was mainly attributed to lease liability interest, RCN interest and term loan interest.

Premised on the above, in total the Group turned in a consolidated loss for the financial year 2020 of RM182.6 million and loss attributable to equity holders of the Company of RM182.0 million, compared to a loss of RM183.7 million and RM191.7 million respectively, registered in FY2019. With the weighted average number of shares in issue, this translates to a loss per share of 14.92 sen in FY2020 compared to a that of 16.37 sen in the preceding year.

Consequential to the continued weak financial performance registered by the Group during the current year, the balance sheet position was admittedly dented to some degree. Regardless, the Group’s financial position is still relatively respectable with Total Assets of RM436.8 million vis-a-vis Total Liabilities of RM274.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The Total Assets in FY2020 of RM436.8 million comprised of Intangible Assets (ie patents, licences, proprietary software, goodwill on acquisition, etc) amounting to RM185.2 million and Assets Held For Sale (ie assets relating to the coke business operations) of RM128.9 million. Total Liabilities in FY2020 on the other hand comprised mainly of Liabilities Held For Sale (ie liabilities relating to the coke business operations) of RM94.4 million and Other Payables (majority of which related to the present value of the deferred settlement of the purchase consideration for the several acquisitions made by the Group) amounted to RM81.8 million.

Short term bank loan of RM1.99 million recorded in the current year relates solely to the subsisting bank borrowings of the new businesses that the Group had acquired and that such amount will be fully extinguished by the vendors immediately after the Group pays the relevant balance of the purchase consideration to the vendors and/or disposed of the charged properties.

As at 31 December 2020, there were no outstanding and unconverted Redeemable Convertible Note ("RCN"). Accordingly, no such amount was recorded in the Statement of Financial Position as at that date compared to FY2019 which recorded an amount of RM3.8 million.

Premised on the above, the Group's Shareholders' Fund for the current financial year stood at RM162.7 million, out of which RM101.3 million related to the Non-controlling Interest. The current year amount of Shareholders' Fund represented a decrease of approximately 15.2% from that recorded in the preceding financial year of approximately RM191.8 million. The said decrease was primarily attributed to the net decremental effect emanating from the further deterioration in Retained Earnings. Accordingly, the Net Assets per Share of the Group stood at RM0.05 per share as at 31 December 2020, down from RM0.17 per share as at the preceding financial year.

MOVING FORWARD

Should the proposed disposal of the Group's metallurgical coke business materialises, the remaining Technology and Digital Transformation businesses within the Group will be the focus area of growth moving forward. These businesses predominantly technology focused and/or use technology to transcend and stay ahead of its competition and are expected to contribute significantly towards the revenues and profits of the Group.

To have a better appreciation of the evolution of TXB Group post disposal of its metallurgical coke business, the remaining Technology and Digital Transformation businesses can be understood via the following strategic segmentation:

(i) Platform

A platform is a business model that creates value by facilitating exchanges between two or more inter-dependent groups, usually consumers and producers. In order to make these exchanges happen, platforms harness and create large, scalable networks of users and resources that can be accessed on demand.

The Group's platform business comprises the following:

- (i) *M Squared* – M Squared is a community platform super app that was launched in September 2020 with the objective of empowering communities of any kind to have their own app presence without having to bear the cost and overheads of an actual standalone app, while being able to access e-commerce features provided by the platform such as cashless payment acceptance, marketplace, delivery services, booking and reservation, etc. These communities range from merchants, societies, clubs, associations etc. Through M Squared's open API architecture, any community can develop its own "Mini App" within the M Squared app. In addition, communities will benefit from the collective user base of all the communities harnessing the true power of economies of scale to lower transaction costs and optimize marketing strategies. TXB's restaurant brands anchored the initial pre-launch phase as the first communities. There are currently 50 merchants and 8,000 users with the target of 1,000 merchants and 250,000 users by June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- (ii) Part of M Squared's business model also involves licensing its app platform for e-commerce and ticketing monetization. Snappistore, one of South Africa's more prominent e-commerce webstores with 5,500 existing merchants and approximately 2 million users, has entered into such an arrangement to enable its group to move their transactions onto an app white labelled by TXB and in turn allowing the group to enjoy recurrent transaction fees off each completed transaction. Another prospective client licensing the M Squared platform for its transactions is Kenya Wildlife Services ("KWS"), the state corporation that operates all 39 wildlife parks and national reserves in Kenya. TXB is presently the front runner in the tender to be appointed as the official ticketing partner online and offline for all transactions involving KWS. These are expected to generate significant recurrent revenues upon the launch of the white labelled app for the contract duration of 10 years.

(ii) Smart City

A smart city is a framework, predominantly composed of Information and Communication Technologies ("ICT"), to develop, deploy, and promote sustainable development practices to address growing urbanization challenges. A big part of this ICT framework is essentially an intelligent network of connected objects and machines that transmit data using wireless technology and the cloud. Cloud-based IoT applications receive, analyze, and manage data in real-time to help municipalities, enterprises, and citizens make better decisions that improve quality of life.

TXB is the only company in Malaysia that has developed a fully integrated modular Smart City app platform incorporating various key components of smart city framework. TXB has provided its smart city platform to power Putrajaya Smart City initiative for the past 5 years to develop an integrated platform with all the key functionalities necessary to connect the residents to the Council to the merchants and the visitors. Having developed the app for Putrajaya city called Putrajaya Mobile, TXB began to offer the platform model for other states, cities and township. Via TouchPoint International, the Group has entered into a partnership with Country Heights Holdings Berhad to develop the Mines Smart City app for the Mines township. Concurrently, the Group is in planning stages with Johor, Melaka, Selangor and Seremban for its smart city services and platform.

(iii) Internet of Things

The Internet of Things ("IoT") refers to a system of interrelated, internet-connected objects that are able to collect and transfer data over a wireless network without human intervention.

TXB is focused on IOT for Agriculture given its track record for having completed IOT systems in almost 60,000 hectares of palm oil plantation land in Malaysia, Sumatra, Kalimantan and South America.

TXB has also entered into a joint venture with Top Fruits Sdn Bhd, one of the 5 Malaysian licensed exporters of whole durians to China to develop and commercialize an IOT-enabled Digital Farming platform for durian plantations. The prototype has been developed and implemented in Top Fruit's plantation and is expected to roll out to other durian plantations by mid-2021.

For palm oil, TXB is in planning stages with several large scale commercial plantations to enable their IOT roll out. Ongoing discussions are currently being held with some of the state-owned plantation companies as well.

(iv) Communication and Security Solutions

TXB's technology expertise has led to various prospective opportunities in the communications and security space. Accordingly, TXB has participated in numerous tender exercises, both to the public and private sectors, to provide solutions in these fields. This is an area of growth for TXB and the Group expects more of such projects to be coming on stream and awarded in the immediate future.

In anticipation of the above, TXB via its subsidiary TouchPoint International had partnered with Aiwin Technology, a leader in safety and security A.I. technologies based in China, has produced a suite of advanced solutions targeted at public safety and law enforcement market. These solutions 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.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(v) Energy Storage

With the acquisition of HKAB and the ownership of the 27 ultracapacitor and super battery patents, TXB is one of the very few companies in the world which is able to develop super batteries using rare earth metal. This has resulted in a strong order book including a RMB1 billion contract from KONE, the multinational elevator company. Upon completion of the production line for the KONE contract targeted in 3Q 2021, TXB will be able to benefit from the order books in HKAB and position itself as one of the more exciting companies in the energy storage industry in Asia.

(vi) Technology-driven Food & Beverage

With the acquisition of TGI Fridays in Malaysia and in Beijing, China as well as the homegrown Teh Tarik Place brand, TXB has embarked on a technology driven road map for the F&B business. Already, the brands have anchored the launch of the M Squared community super app, with future technologies such as A.I. and Data Analytic to accelerate the growth of the business. There are exciting plans which include developing the Group's last mile delivery network as well as expanding into Malaysia and China via the Teh Tarik Place brand which is currently the only restaurant chain in Malaysia where customers can order for dine-in completely through the app platform.

(vii) Low Voltage Electric Mobility solutions

More recently, via HKAB, TXB entered into a partnership with former co-founders of Rimac Automobili, one of worlds' leading electric hypercar companies and material and system specialists to design and develop Low Voltage electric mobility solutions. TXB anticipates that the low voltage EV technologies will be the solution to electrification of the transport industry for the mass market and plan to be one of the pioneers in this space.

Whilst the Group believes it has put in place the right strategy and business model to future proof itself, there is no denying the fact that the economic challenges brought about by the Covid-19 pandemic in 2020 will continue to spill over to a large part of 2021 as the vaccinations will take some time to rollout. This can be evidenced by the tough start to 2021 from the social-economic standpoint. According to a Bloomberg report, while global growth is still on course to rebound from the recession of last year it may take longer to ignite and not be as healthy as previously forecasted. The World Bank and International Monetary Fund already trimmed their prediction to 4% in 2021 from 5% as initially predicted.

Double-dip recession are now expected in Japan, the Eurozone and the UK as restrictions to curb the virus spread are enforced. Record cases in the US are dragging on retail spending and hiring, prompting President Joe Biden's new administration to seek an extra US\$1.9 trillion worth of fiscal stimulus. Only China has managed a V-shaped recovery after containing the disease early, but even there consumers remain wary with Beijing partly locked down.

High frequency indicators tracked by Bloomberg Economics point to a troubling start to the year with advanced economies beginning on a weak note and emerging economies diverging. It's a stark outlook facing policymakers after US\$12 trillion worth of fiscal support and trillions in central bank money printing failed to cement a recovery.

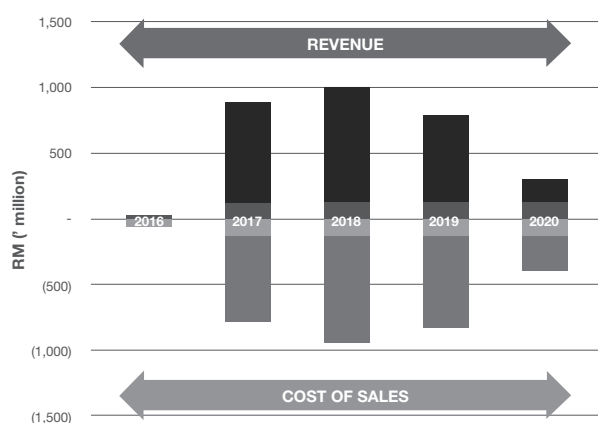
According to the group chief economist at Unicredit SpA, while there is light at the end of the tunnel, there is still a long and difficult road ahead. So long as the pandemic terrorises part of the world, normality will not be restored anywhere.

Towards this end, TXB will remain vigilant and respond appropriately to any developments that would unfold and capitalise on whatever opportunities that may come its way in effort to make the best out of the situation that the Group is in.

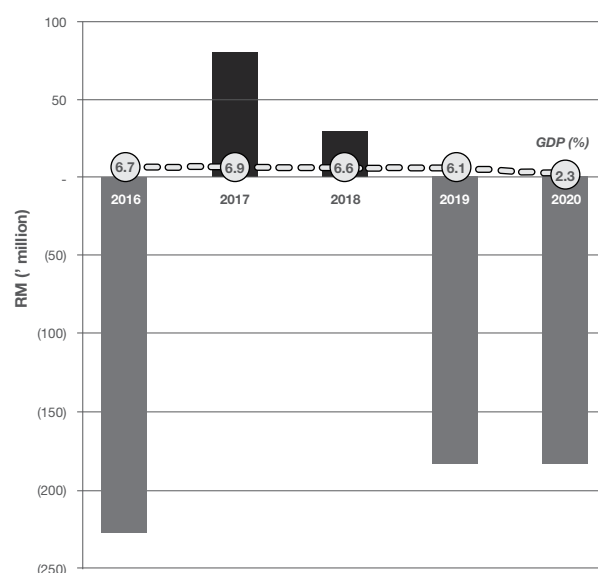
HISTORICAL FINANCIAL RESULTS

(INCLUDING DISCONTINUED ACTIVITIES)

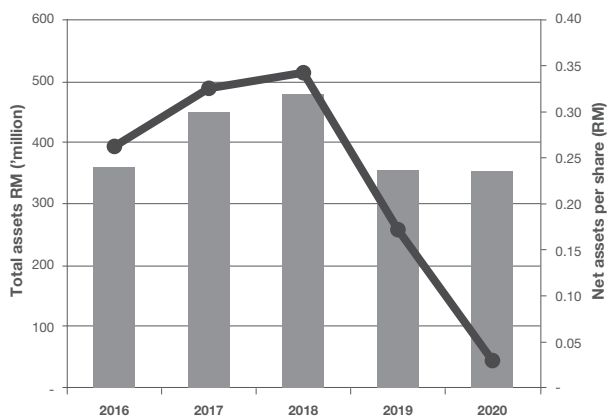
REVENUE vs COST OF SALES



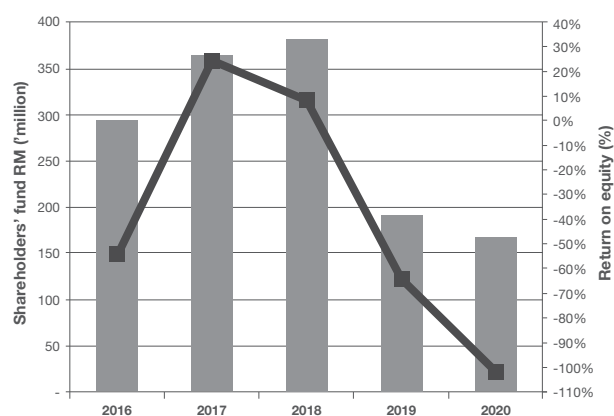
PROFIT/(LOSS) AFTER TAX vs CHINA ECONOMIC GROWTH (GDP)



TOTAL ASSETS vs NET ASSETS PER SHARE



SHAREHOLDERS' FUND vs RETURN ON EQUITY



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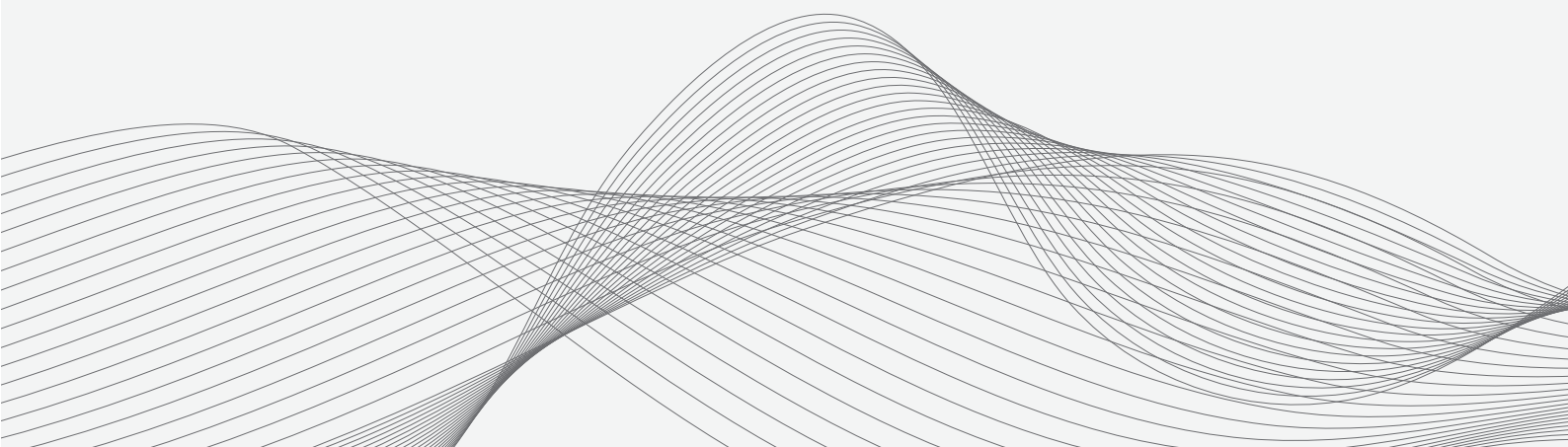
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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year attributable to:		
- Owners of the Company	182,007	143,257
- Non-controlling interests	601	-
	182,608	143,457

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,122,308,000 to 1,537,952,000 ordinary shares by way of the issuance of:

- 260,000,000 new ordinary shares pursuant to the conversion of Redeemable Convertible Notes at conversion price of RM0.10 per share amounting to RM26,000,000;
- 55,644,000 new ordinary shares pursuant to the debt settlements at RM0.0629 per share amounting to RM3,500,000; and
- 100,000,000 new ordinary shares pursuant to the private placement at RM0.1098 per share amounting to RM10,980,000.

The new ordinary shares issued during the financial year ranks pari-passu in all respect with the existing ordinary shares of the Company.

There was no issuance of debentures by the Company during the financial year.

DIRECTORS' REPORT

cont'd

REDEEMABLE CONVERTIBLE NOTES

On 5 September 2019, the shareholders of the Company approved the issuance of up to 3 tranches of Redeemable Convertible Notes ("RCN") with an aggregate principal amount up to RM150,000,000 at an Extraordinary General Meeting which is convertible into a maximum of 833,333,333 new shares based on the minimum conversion price of RM0.18 which was subsequently revised to RM0.10 on 11 November 2019 through a supplementary agreement. The RCN has a tenure of 3 years from the closing date of the first sub-tranche of Tranche 1 Notes ("Maturity Date"). As at 31 December 2020, the Company had issued a total of RM26,000,000 (2019: RM5,000,000) RCN. During the financial year, the RCN had been fully converted into new ordinary shares.

Details of the RCN are set out in Note 22 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	
Liu Guodong	
Lim See Tow	
Zhai Baoxing	
Datuk Lim Chih Li @ Lin Zhili	
Balraj Singh Pannu A/L Gajjan Singh	(Appointed on 2 April 2020)
Liu Xueqiang	(Resigned on 2 April 2020)

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Techna-X Berhad				
(Formerly known as Sino Hua-An International Berhad)				
Direct interest				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	-	-	12,073,700
Indirect interest				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar ⁽¹⁾	304,492,259	-	-	304,492,259
Liu Guodong ⁽²⁾	74,000,057	-	-	74,000,057

(1) Deemed interested by virtue of his interest in Rock Point Alliance Sdn. Bhd., Rock Point Alliance Pte Ltd, Syarikat Pesaka Antah Sdn. Bhd. and Syarikat Pesaka Radin Sdn. Bhd. and deemed interested by virtue of his family relationship with the relevant persons.

(2) Deemed interested by virtue of his interest in Libran Infinity Inc.

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS (CONT'D)

By virtue of their interests in the shares of the Company, Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Liu Guodong are deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in the office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Group and of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed in Note 27 to the financial statements.

SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 5 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 27 to the financial statements.

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for Directors or officers of the Company in accordance with Section 289 of the Companies Act, 2016.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render: (cont'd)
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) any amount stated in the financial statements of the Group and of the Company misleading.
- (c) No contingent or other liability of any company in the Group has become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of the significant events is disclosed in Note 37 to the financial statements.

SUBSEQUENT EVENTS

Details of the subsequent events is disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, HLB AAC PLT (formerly known as Morison AAC PLT) (LLP0022843-LCA & AF001977), have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Y.A.M. TUNKU NAQUIYUDDIN
IBNI TUANKU JA'AFAR

DATUK LIM CHIH LI @ LIN ZHILI

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR** and **DATUK LIM CHIH LI @ LIN ZHILI**, being two of the Directors of **TECHNA-X BERHAD (FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 73 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

**Y.A.M. TUNKU NAQUIYUDDIN
IBNI TUANKU JA'AFAR**

DATUK LIM CHIH LI @ LIN ZHILI

KUALA LUMPUR
5 MAY 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, **DATUK LIM CHIH LI @ LIN ZHILI**, being the Director primarily responsible for the financial management of **TECHNA-X BERHAD (FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)**, do solemnly and sincerely declare that the financial statements set out on pages 73 to 143 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed DATUK LIM CHIH LI @ LIN)
ZHILI at KUALA LUMPUR in the Federal)
Territory on this date of 5 May 2021)

DATUK LIM CHIH LI @ LIN ZHILI

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNA-X BERHAD
(FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Techna-X Berhad (formerly known as Sino Hua-An International Berhad), which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Liquidity position of the Group and the Company (Refer to Note 34 to the financial statements)</p> <p>The Group incurred a loss from continuing activities of RM19,756,000 for the financial year ended 31 December 2020, and as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM30,677,000 and RM7,673,000 respectively.</p> <p>In assessing the liquidity position of the Group and the Company, management has considered the repayment obligations for liabilities and cost overheads which are due in the next 12 months, taking into consideration of the following:</p> <ol style="list-style-type: none"> Issuance of the remaining tranches of the Redeemable Convertible Notes ("RCN"); Proceeds from the proposed disposal of PIPO Overseas Limited; and Ability of the Group to generate sufficient cash flows from its continuing operations in the next 12 months. <p>We considered this is an area of audit focus due to the significant degree of judgements and estimates used by the management in arriving the cash flows forecast.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Inquired management as to its knowledge of events or conditions beyond the period of management's going concern assessment; Evaluated management's going concern assessment that covers twelve months from the date of financial statements through review of the cash flows forecast; Assessed the reasonableness of the management's key assumption used and judgement exercised on its cash flows forecast; Performed sensitivity test for a range of reasonable possible scenarios; and Considered the completeness and accuracy of disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNAX BERHAD
(FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment (Refer to Note 2(c)(ii), Note 2(h)(i) and Note 8 to the financial statements)</p> <p>As at 31 December 2020, the Group recognised goodwill amounting to RM166,813,000 arising from business combinations.</p> <p>Pursuant to MFRS 136 "Impairment of Assets", the Group is required to perform annual impairment assessment on its goodwill.</p> <p>The Group estimated the recoverable amount of the cash generating unit ("CGU") to which goodwill is allocated based on its value-in-use ("VIU").</p> <p>In view of the significant carrying amount of the CGU (including goodwill), coupled with the complexity and subjectivity of the assumptions involved in the annual impairment test, we consider this to be an audit focus.</p> <p>Disposal group classified as held for sale (Refer to Note 2(q) and Note 15 to the financial statements)</p> <p>On 11 November 2020, the Group has entered into a share purchase agreement ("SPA") with Hua Fei Investment Limited to dispose a wholly-owned subsidiary, PIPO Overseas Limited, in turn, the entire indirect interest in Linyi Yehua Coking Co., Ltd. for a total consideration amounting to RMB88,000,000 (equivalent to RM54,041,000) (collectively known as "disposal group").</p> <p>Consequently, the Group has classified the disposal group as held for sale pursuant to MFRS 5 "Non-Current Asset Held for Sale and Discontinued Operations" and presented discontinued operations from the disposal group separately from continuing operations for current and comparative periods.</p> <p>We consider this area a key audit matter due to judgements involved in classifying the disposal group as held for sale under MFRS 5 and magnitude of the assets and liabilities of the disposal group to the statements of financial position and profit or loss contribution from the discontinued operation.</p>	<p>We evaluated management's impairment assessment and the process by which they were developed and its oversight of the impairment assessment by the Board of Directors.</p> <p>We challenged assumptions used in the impairment assessment model which, amongst others, include:</p> <ul style="list-style-type: none"> • forecast revenue; • forecast cost of sales and operating costs; • forecast capital expenditure; and • discount rates. <p>Sensitivity analysis was performed on key assumptions used by management and we assessed the impact on the recoverable amount of the goodwill within a reasonable range.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Reviewed the SPA and read the board minutes to evaluate management's assessment on the classification of disposal group as held for sale; • Assessed the valuation of the disposal group as the lower of the carrying amount and fair value less cost to sell; • Reviewed the completeness and accuracy of the financial results included in the disposal group held for sale; and • Evaluated the presentation and the disclosure of the disposal group held for sale.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNA-X BERHAD
(FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNA-X BERHAD

(FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)

cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.

HLB AAC PLT
(LLP0022843-LCA & AF001977)
Chartered Accountants

CHEW LOONG JIN
Approved Number: 03279/03/2023 J
Chartered Accountant

KUALA LUMPUR
5 MAY 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Non-Current Assets					
Property, plant and equipment	3	35,730	83,818	161	2
Prepaid lease payments	4	-	26,794	-	-
Investment in subsidiary companies	5	-	-	110,682	250,014
Investment in an associate	6	-	150	-	-
Right-of-use assets	7	6,118	5,720	234	-
Intangible assets	8	185,224	88,187	-	-
Deferred tax assets	9	-	143	-	-
		227,072	204,812	111,077	250,016
Current Assets					
Inventories	10	311	56,149	-	-
Trade receivables	11	1,041	55,369	-	-
Other receivables	12	71,956	21,962	34	16
Amount owing by related parties	13	-	-	-	-
Tax recoverable		549	509	-	-
Cash and cash equivalents	14	6,975	14,984	3,088	1,595
		80,832	148,973	3,122	1,611
Assets of disposal group classified as held for sale	15	128,920	-	54,041	-
		209,752	148,973	57,163	1,611
Current Liabilities					
Trade payables	16	3,562	43,573	-	-
Other payables	17	136,986	82,114	64,703	24,204
Lease liabilities	18	3,491	2,047	133	-
Amount owing to a Director	19	-	8	-	-
Amount owing to a subsidiary company	20	-	-	-	22,409
Borrowings	21	1,987	2,308	-	-
Redeemable convertible notes	22	-	3,771	-	3,771
Provision for taxation		15	99	-	-
		146,041	133,920	64,836	50,384
Liabilities directly associated with disposal group classified as held for sale	15	94,388	-	-	-
		240,429	133,920	64,836	50,384
Net current (liabilities)/assets		(30,677)	15,053	(7,673)	(48,773)
		196,395	219,865	103,404	201,243

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

cont'd

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Financed By:					
Share capital	23	1,153,305	1,115,045	1,153,305	1,115,045
Reserves	24	(555,072)	(568,468)	-	-
Accumulated losses		(536,774)	(354,767)	(1,068,744)	(925,487)
Equity attributable to owners of the Company		61,459	191,810	84,561	189,558
Non-controlling interest		101,266	-	-	-
Total equity		162,725	191,810	84,561	189,558
Non-Current Liabilities					
Other payables	17	30,161	23,370	18,741	11,685
Deferred tax liabilities	9	19	163	-	-
Lease liabilities	18	3,490	4,522	102	-
		33,670	28,055	18,843	11,685
		196,395	219,865	103,404	201,243

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
Continuing operations					
Revenue	25	20,553	5,582	-	-
Cost of sales		(8,063)	(1,962)	-	-
Gross profit		12,490	3,620	-	
Other income		1,650	971	49	60
Administration and operating expenses		(31,111)	(6,260)	(141,913)	(226,059)
Share of associate's results	6	(150)	(4)	-	-
Finance cost	26	(2,321)	(175)	(1,393)	(55)
Loss before taxation	27	(19,442)	(1,848)	(143,257)	(226,054)
Taxation	28	(314)	62	-	-
Loss from continuing operations		(19,756)	(1,786)	(143,257)	(226,054)
Discontinued operations					
Loss from discontinued operations	15	(162,852)	(181,963)	-	-
Total loss for the financial year		(182,608)	(183,749)	(143,257)	(226,054)
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations		13,903	(7,974)	-	-
Total comprehensive expense for the financial year		(168,705)	(191,723)	(143,257)	(226,054)
Loss for the financial year attributable to:					
- Owners of the Company		(182,007)	(183,749)	(143,257)	(226,054)
- Non-controlling interest		(601)	-	-	-
		(182,608)	(183,749)	(143,257)	(226,054)
Total comprehensive expense for the financial year attributable to:					
- Owners of the Company		(168,611)	(191,723)	(143,257)	(226,054)
- Non-controlling interest		(94)	-	-	-
		(168,705)	(191,723)	(143,257)	(226,054)
Basic loss per share attributable to the owners of the Company from:					
- Continuing operations	29(a)	(1.57)	(0.16)		
- Discontinued operations	29(a)	(13.35)	(16.21)		
		(14.92)	(16.37)		
Diluted loss per share attributable to the owners of the Company from:					
- Continuing operations	29(b)	(1.57)	(0.16)		
- Discontinued operations	29(b)	(13.35)	(16.21)		
		(14.92)	(16.37)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Attributable to Owners of the Company										
		Non-Distributable								
Group	Note	Share Capital	Reverse Acquisition Reserve	Foreign Currency Translation Reserve	Statutory Common Reserve Fund	Share Option Reserve	Accumulated Losses	Subtotal	Non-controlling interest	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019		1,115,045	(799,823)	187,331	49,358	-	(171,018)	380,893	-	380,893
Acquisition of a subsidiary		-	-	-	-	2,640	-	2,640	-	2,640
Loss for the financial year		-	-	-	-	-	(183,749)	(183,749)	-	(183,749)
Other comprehensive expense:										
- Exchange differences arising from translation of foreign operations		-	-	(7,974)	-	-	-	(7,974)	-	(7,974)
Total comprehensive expense for the financial year		-	-	(7,974)	-	-	-	(7,974)	-	(7,974)
At 31 December 2019		1,115,045	(799,823)	179,357	49,358	2,640	(183,749)	191,810	-	191,810
At 1 January 2020		1,115,045	(799,823)	179,357	49,358	2,640	(354,767)	191,810	-	191,810
Issuance of shares, net of share issuance costs pursuant to:	23									
- Conversion of RCN		26,000	-	-	-	-	-	26,000	-	26,000
- Debt settlement		3,500	-	-	-	-	-	3,500	-	3,500
- Private placement		8,760	-	-	-	-	-	8,760	-	8,760
		38,260	-	-	-	-	-	38,260	-	38,260
Acquisition of subsidiary companies	5(e)	-	-	-	-	-	-	-	101,360	101,360
Loss for the financial year		-	-	-	-	-	(182,007)	(182,007)	(601)	(182,608)
Other comprehensive income/ (expense):										
- Exchange differences arising from translation of foreign operations		-	-	13,396	-	-	-	13,396	507	13,903
Total comprehensive income/ (expense) for the financial year		-	-	13,396	-	-	(182,007)	(168,611)	(94)	(168,705)
At 31 December 2020		1,153,305	(799,823)	192,753	49,358	2,640	(536,774)	61,459	101,266	162,725

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

cont'd

		Non-Distributable	Share Capital	Accumulated Losses	Total
	Note	RM'000	RM'000	RM'000	RM'000
Company					
At 1 January 2019		1,115,045	(699,433)	415,612	
Loss/Total comprehensive expense for the financial year		-	(226,054)	(226,054)	
At 31 December 2019		1,115,045	(925,487)	189,558	
At 1 January 2020		1,115,045	(925,487)	189,558	
Issuance of shares, net of share issuance costs pursuant to:	23				
- Conversion of RCN		26,000	-	26,000	
- Debts settlement		3,500	-	3,500	
- Private placement		8,760	-	8,760	
		38,260	-	38,260	
Loss/Total comprehensive expense for the financial year		-	(143,257)	(143,257)	
At 31 December 2020		1,153,305	(1,068,744)	84,561	

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
		Restated			
Cash flows from operating activities					
Loss before taxation					
- from continuing operations		(19,442)	(1,848)	(143,257)	(226,054)
- from discontinued operations	15	(162,852)	(175,729)	-	-
		(182,294)	(177,577)	(143,257)	(226,054)
Adjustments for:					
Amortisation of:					
- prepaid lease payments	4	1,050	1,027	-	-
- intangible assets	8	1,176	-	-	-
Bad debts written off		338	-	-	-
Depreciation of:					
- property, plant and equipment	3	25,779	27,402	2	16
- right-of-use assets	7	2,937	394	22	-
Impairment loss on:					
- investment in subsidiary companies	5	-	-	131,871	221,833
- property, plant and equipment	3	-	49,091	-	-
- trade receivables	11	279	23,213	-	-
Property, plant and equipment written off	3	57	20,492	-	-
Provision for compensation on unfulfilled obligation		30,304	-	-	-
Share of associate's result	6(d)	150	4	-	-
Fair value loss on contingent consideration payables		1,740	-	868	-
Unrealised foreign exchange loss		-	-	3,733	1,408
Waiver of debts		(129)	-	-	-
Finance income		(53)	(97)	(38)	(60)
Finance cost		2,718	195	1,393	55
Operating loss before working capital changes		(115,948)	(55,856)	(5,406)	(2,802)
Changes in working capital:					
Inventories		32,011	41,254	-	-
Trade receivables		53,701	41,104	-	-
Other receivables		5,341	20,477	(18)	4
Amount owing by/to a subsidiary Companies		-	-	(19,256)	1,136
Trade payables		2,774	(14,347)	-	-
Other payables		(6,521)	3,026	(1,779)	1,482
Cash (used in)/generated from operations		(28,642)	35,658	(26,459)	(180)
Interest paid		(1,297)	(163)	(164)	(55)
Tax (paid)/refund		(330)	98	-	-
Net cash (used in)/generated from operating activities		(30,269)	35,593	(26,623)	(235)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

cont'd

	Note	Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Restated					
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	5	(295)	(2,937)	(1,500)	(4,000)
Interest received		53	97	38	60
Purchase of property, plant and equipment	3	(6,838)	(12,285)	(161)	-
Net cash used in investing activities		(7,080)	(15,125)	(1,623)	(3,940)
Cash flows from financing activities					
Proceeds from issuances of Redeemable Convertible Notes, net of share issuance costs	22	21,000	3,771	21,000	3,771
Proceeds from issuance of shares pursuant to private placement, net of share issuance costs	23	8,760		8,760	-
Repayment of bank borrowings		(513)	(23,694)	-	-
Repayment of lease liabilities	18	(2,923)	(389)	(21)	-
Net cash generated from/(used in) financing activities		26,324	(20,312)	29,739	3,771
Net (decrease)/increase in cash and cash equivalents		(11,025)	156	1,493	(404)
Effects of foreign exchange rate changes		6,092	(4,538)	-	-
Cash and cash equivalents at the beginning of the financial year		14,984	19,366	1,595	1,999
Cash and cash equivalents from disposal group held for sale	15	(3,076)	-	-	-
Cash and cash equivalents at the end of the financial year		6,975	14,984	3,088	1,595
Cash and cash equivalents at the end of the financial year comprises:					
- Deposits placed with licensed banks	14	1,437	1,479	1,437	1,479
- Cash and bank balances	14	5,538	13,505	1,651	116
		6,975	14,984	3,088	1,595

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Unit 2.2, Level 2, Work@Clearwater, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

The financial statements of the Group and of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors dated 5 May 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

Amendments to accounting standards and amendments to IC interpretation that are effective for the Group and the Company's financial year beginning on or after 1 January 2020 are as follows:

- 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"

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

- 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 amendments to accounting standards and amendments to IC interpretation effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

The Group and the Company 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 and amendments to accounting standards that are applicable for the Group and the Company 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)

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

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 and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

(b) Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in these estimations could significantly affect the recoverable amount at the end of each reporting period.

(iii) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant accounting estimates and judgements (cont'd)

(iv) Estimation of the volume of inventory

The Group estimates the quantity of its inventory based on the estimated volume and density of the inventory pile. The volume of the inventory pile is measured by taking into consideration the shape and size of the inventory pile calculated based on mathematical formulas. Density of the inventory pile is estimated based on tests performed on each type of inventory. Significant judgments are required in measuring the size, shape and density of the Group's inventory piles. Changes in these estimations could significantly affect the quantity of inventory at the end of each reporting period.

(v) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Such extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that it will be exercised. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. Significant judgements are used in determining the lease term over the extension or termination option.

(d) Basis of consolidation for subsidiaries

(i) Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of consolidation for subsidiaries (cont'd)

(i) Subsidiary companies (cont'd)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, the proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Dilution gains or losses arising from investments in associates are recognised in profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment if the carrying value exceeds the recoverable amount of the associate and recognises the difference as impairment losses in profit or loss.

(e) Investments in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(ii) Depreciation and impairment

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

Building and leasehold improvement	10 - 20 years
Plant and machinery	10 years
Office furniture and equipment	5 - 10 years
Smallwares, decoration, restaurant and kitchen equipment	10 years
Electrical installation	10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with accounting policy Note 2(i) to the financial statements.

(g) Leases by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Leases by lessee (cont'd)

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(h) Intangible assets

(i) Goodwill arising on consolidation

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Acquired franchise fee

Acquired franchise fee are recognised as an asset and initially measured at cost.

Acquired franchise fee is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on straight-line basis to allocate the cost over its estimated useful lives of 10 years.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible assets (cont'd)

(iii) Acquired source code, patents and software

Acquired source code, patents and software have finite lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the accumulated straight-line method to allocate the cost of the computer software over its estimated useful lives of 5 to 10 years.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Inventories

(i) Manufacturing and trading

Inventories comprising raw material, work-in-progress and finished goods are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the weighted average cost method. The cost of work-in-progress and finished goods comprise cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories (cont'd)

(ii) Technology-driven food and beverage

Inventories comprising Technology-driven food and beverage are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the weighted average cost method. The cost of work-in-progress and finished goods comprise cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) Foreign currencies

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign currencies (cont'd)

(ii) Foreign operations (cont'd)

Goodwill and fair value adjustments arising on the acquisitions of the exchange differences are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the foreign currency translation reserve.

(n) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial assets (cont'd)

(iii) Subsequent measurement

Debt instruments

Debt instruments mainly comprise of trade receivables, other receivables, amount owing by related parties and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and Company's right to receive payments is established.

(iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial assets (cont'd)

(iv) Impairment (cont'd)

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

(o) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(q) Non-current assets (or disposal group) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view for resale. Classification as a discontinued operation occurs upon disposal or when the operations meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(r) Revenue and income recognition

(i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Sale of metallurgical coke and other related by-products

Revenue from sale of metallurgical coke and other related by-products are recognised when the Group satisfies the performance obligation by transferring the promised goods to the customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

Technology and digital transformation enabler

(i) Software development and consultancy

Revenue from software development and consultancy is recognised when the Group satisfies a performance obligation by transferring a promised goods or services to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and income recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

Technology and digital transformation enabler (cont'd)

(ii) Software maintenance services

The provision of software maintenance services is recognised when the services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(iii) Digital platform services

Digital platform represents the commission fees and transaction fees based on the number of transactions through the Group's digital platform. Digital platform services is recognised when the services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(iv) Data analysis services

Revenue from data analysis services is recognised when the Group satisfies a performance obligation by transferring a promised service to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of services and acceptance by customers.

Energy storage solutions

Revenue from sale of energy storage product is recognised when the Group satisfies the performance obligation by transferring the promised goods to the customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

Restaurant

(i) Sale of Technology-driven food and beverage

Revenue from sale of Technology-driven food and beverage is recognised when the Group satisfies a performance obligation by transferring control of the Technology-driven food and beverage to a customer, which coincides with the delivery of goods and services and acceptance by customers.

(ii) Franchising income

Franchising income represents the rights granted to the franchisees to operate their restaurant business under the brand name which owned by the Group. Franchising income is recognised over the contract period.

(iii) Royalties income

Royalties income represents the royalties fee charged to the franchisees based on certain percentage of the franchisees' revenue. Royalties income is recognised on a monthly basis over the term of the franchise agreement.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and income recognition (cont'd)

(ii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(s) Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Employee benefits (cont'd)

(i) Short term employee benefits (cont'd)

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. The Group contributes to the statutory pension schemes as defined by the laws of the countries in which it has operations.

(u) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Building and leasehold improvement	Plant and machinery	Office furniture and equipment	Smallwares, decoration, restaurant and kitchen equipment	Electrical installation	Motor vehicles	Construction work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020									
Cost									
At 1 January 2020		318,217	324,303	5,007	5,410	2,649	5,959	10,062	671,607
Acquisition of subsidiary companies	5	7,457	3,429	881	-	-	-	22,389	34,156
Additions		-	-	255	63	-	-	6,520	6,838
Transfers		-	15,675	75	-	-	-	(15,750)	-
Transfers to disposal group held for sale	15	(327,447)	(357,067)	(2,569)	-	-	(4,956)	(96)	(692,135)
Written off		(125)	(7)	(175)	(99)	(13)	(771)	-	(1,190)
Exchange differences		16,415	17,132	132	-	-	282	721	34,682
At 31 December 2020		14,517	3,465	3,606	5,374	2,636	514	23,846	53,958
Accumulated depreciation									
At 1 January 2020		165,825	235,801	3,493	4,143	2,066	5,364	-	416,692
Acquisition of subsidiary companies	5	752	1,065	631	-	-	-	-	2,448
Charge for the financial year		6,472	18,432	377	135	123	240	-	25,779
Transfers to disposal group held for sale	15	(175,500)	(266,595)	(2,167)	-	-	(4,571)	-	(448,833)
Written off		(123)	(6)	(165)	(55)	(13)	(771)	-	(1,133)
Exchange differences		8,481	12,473	106	-	-	252	-	21,312
At 31 December 2020		5,907	1,170	2,275	4,223	2,176	514	-	16,265

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Building and leasehold improvement RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Smallwares, decoration, restaurant and kitchen equipment RM'000	Electrical installation RM'000	Motor vehicles RM'000	Construction work-in- progress RM'000	Total RM'000
2020 (cont'd)									
Accumulated impairment losses									
At 1 January 2020		111,990	57,858	282	647	97	223	-	171,097
Transfers to disposal group held for sale	15	(116,635)	(60,896)	(249)	-	-	(235)	-	(178,015)
Exchange differences		5,819	3,038	12	-	-	12	-	8,881
At 31 December 2020		1,174	-	45	647	97	-	-	1,963
Carrying amount									
At 31 December 2020		7,436	2,295	1,286	504	363	-	23,846	35,730
2019									
Cost									
At 1 January 2019		408,318	371,784	2,597	-	-	3,086	2,117	787,902
Acquisition of subsidiary companies	5	7,106	-	2,479	5,415	2,649	515	-	18,164
Additions		49	427	-	-	-	137	11,672	12,285
Transfers		-	1,129	8	-	-	2,461	(3,598)	-
Written off		(87,650)	(39,904)	(8)	(5)	-	(138)	-	(127,705)
Exchange differences		(9,606)	(9,133)	(69)	-	-	(102)	(129)	(19,039)
At 31 December 2019		318,217	324,303	5,007	5,410	2,649	5,959	10,062	671,607

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Building and leasehold improvement RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Smallwares, decoration, restaurant and kitchen equipment RM'000	Electrical installation RM'000	Motor vehicles RM'000	Construction work-in- progress RM'000	Total RM'000
2019 (cont'd)									
Accumulated depreciation									
At 1 January 2019		195,398	271,782	1,644	-	-	2,514	-	471,338
Acquisition of subsidiary companies	5	4,954	-	1,391	4,118	2,066	510	-	13,039
Charge for the financial year		18,579	5,734	513	25	-	2,551	-	27,402
Written off		(48,396)	(35,051)	(7)	-	-	(124)	-	(83,578)
Exchange differences		(4,710)	(6,664)	(48)	-	-	(87)	-	(11,509)
At 31 December 2019		165,825	235,801	3,493	4,143	2,066	5,364	-	416,692
Accumulated impairment losses									
At 1 January 2019		112,147	35,540	-	-	-	-	-	147,687
Acquisition of subsidiary companies	5	1,173	-	45	647	97	-	-	1,962
Charge for the financial year		23,821	24,805	239	-	-	226	-	49,091
Written off		(22,274)	(1,361)	-	-	-	-	-	(23,635)
Exchange differences		(2,877)	(1,126)	(2)	-	-	(3)	-	(4,008)
At 31 December 2019		111,990	57,858	282	647	97	223	-	171,097
Carrying amount									
At 31 December 2019		40,402	30,644	1,232	620	486	372	10,062	83,818

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Company	
	2020	2019
	RM'000	RM'000
Office furniture and equipment		
Cost		
At 1 January	159	159
Additions	161	-
Written off	(140)	-
At 31 December	180	159
Accumulated depreciation		
At 1 January	157	141
Charge for the financial year	2	16
Written off	(140)	-
At 31 December	19	157
Carrying amount		
At 31 December	161	2

Impairment assessment on property, plant and equipment in financial year ended 31 December 2019

The Group had suffered a gross loss from its subsidiary, Linyi Yehua Coking Co. Ltd. and reassessed the working condition of the property, plant and equipment due to the unfavourable pricing dynamics of its commodities and challenging business environment besetting the industry in China. Hence, the Group had undertaken an impairment assessment on its property, plant and equipment.

The Group had estimated the recoverable amount of the property, plant and equipment based on the value-in-use ("VIU") method. The Group has prepared a five-year profit forecast to justify the value-in-use for property, plant and equipment.

The key assumptions used for the value-in-use calculations are as follows:

	Group
	2019
Revenue growth rate over 5 years (per annum)	8%
Terminal growth rate	0%
Pre-tax discount rate	17%

Management determined the revenue growth rates, direct costs and operating expenses during the forecast period based on future expectation of changes in the market. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit ("CGU").

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment assessment on property, plant and equipment in financial year ended 31 December 2019 (cont'd)

The Group's review includes an impact assessment of changes in key assumptions. The following key assumptions are particularly sensitive:

- A 0.5% increase in the pre-tax discount rate will increase the impairment loss recognised on the CGU by RM3,979,000; and
- A 0.5% decrease in the coke and coal prices will increase the impairment loss recognised on CGU by RM943,148.

Based on the impairment assessment, there was a deficit between the carrying amount and the recoverable amount of the assessed property, plant and equipment. Accordingly, the Group has recognised an impairment loss and write off on its property, plant and equipment amounting to RM49,091,000 and RM20,492,000 respectively in the financial year ended 31 December 2019.

4. PREPAID LEASE PAYMENTS

		Group	
	Note	2020 RM'000	2019 RM'000
Cost			
At 1 January		40,470	41,530
Exchange differences		2,125	(1,060)
Transfer to disposal group held for sale	15	(42,595)	-
At 31 December		-	40,470
Accumulated amortisation			
At 1 January		13,676	12,990
Amortisation for the financial year		1,050	1,027
Exchange differences		723	(341)
Transfer to disposal group held for sale	15	(15,449)	-
At 31 December		-	13,676
Carrying amount			
At 31 December		-	26,794

Leasehold land of the Group represents two land use rights granted by the government of the People's Republic of China ("PRC") to a subsidiary for industrial usage. One of the land use rights is for a term of 29 years commencing from 4 December 2005 to 4 December 2034 and another for a term of 50 years commencing from 12 February 2007 to 12 February 2057 respectively.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Note	Company	
		2020 RM'000	2019 RM'000
Unquoted shares, at cost			
- In Malaysia		49,762	38,312
- Outside Malaysia		41,664	904,908
		91,426	943,220
Advances by subsidiary companies treated as quasi-investment		19,256	282,951
		110,682	1,226,171
Less: Impairment loss		-	(976,157)
		110,682	250,014

The advances to subsidiary companies are unsecured, non-interest bearing with no fixed terms of repayment. The Company does not anticipate repayment of the advances and they are determined to form part of the Company's net investment in the subsidiary companies.

The currency profiles of the balances are disclosed in Note 34 to the financial statements.

Movement in impairment loss on investment in subsidiary companies during the financial year is as follows:

	Company	
	2020 RM'000	2019 RM'000
At 1 January	(976,157)	(754,324)
Impairment loss on amount owing by a subsidiary company	(131,871)	(221,833)
Transfers to disposal group held for sale	1,108,028	-
At 31 December	-	(976,157)

During the financial year, the Company has entered into a share purchase agreement with Hua Fei Investment Limited to dispose a wholly-owned subsidiary, PIPO Overseas Limited ("PIPO"), in turn, the entire indirect interest in Linyi Yehua Coking Co., Ltd. for a total cash consideration amounting to RMB88,000,000 (equivalent to RM54,041,000). The Company assessed the fair value less cost to sell of the disposal group and recognised an impairment loss amounting to RM131,871,000 in profit or loss before transferring to disposal group classified as held for sale as disclosed in Note 15 to the financial statements.

During the financial year ended 31 December 2019, the Company performed an impairment assessment on its subsidiary company, PIPO as the subsidiary, via Linyi Yehua Coking Co. Ltd., has been incurring operating losses due to the unfavourable pricing dynamics of its commodities and challenging business environment besetting the coke industry it operates in. Accordingly, the Directors has recognised an impairment loss on its investment in subsidiary companies amounting to RM221,833,000.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The subsidiary companies and shareholdings therein are as follows:

Name of companies	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2020	2019	
		%	%	
Direct holding:				
Wavetree Technologies Sdn. Bhd. ("Wavetree")	Malaysia	100	100	Research and development of information technology
PIPO Overseas Limited ("PIPO") ^{1, 2}	British Virgin Islands	100	100	Investment holding
Craveat International Sdn. Bhd. ("Craveat")	Malaysia	100	100	Investment holding
Touchpoint International Sdn. Bhd. ("Touchpoint")	Malaysia	100	100	Research, development and providing professional services related to Enterprise Mobile Applications and Smart City platform and ecosystem enablement
Techna-X Aerobeidou Sdn. Bhd. (formerly known as Usaha Bumi Indah Sdn. Bhd.) ("Techna-X Aerobeidou")	Malaysia	100	-	Dormant
MD Labs Sdn. Bhd. ("MD Labs")	Malaysia	100	-	Computer programming, artificial intelligence and business analytics ventures
HK Aerospace Beidou New Energy Technology Co., Ltd. ("HKAB") ^{1, 3}	Hong Kong	50	-	Investment holding
Indirect holding:				
<u>Subsidiary company of PIPO:</u>				
Linyi Yehua Coking Co. Ltd. ^{1, 2}	People's Republic of China	100	100	Manufacturing and sales of metallurgical coke and other related by-products

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The subsidiary companies and shareholdings therein are as follows (cont'd):

Name of companies	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2020	2019	
		%	%	
Indirect holding (cont'd):				
<u>Subsidiary companies of Craveat:</u>				
Bistroamericana (A) Sdn. Bhd.	Malaysia	100	100	Restaurant
Bistroamericana (BB) Sdn. Bhd.	Malaysia	100	100	Restaurant
Bistroamericana (BU) Sdn. Bhd.	Malaysia	100	100	Restaurant
Bistroamericana (Hartamas) Sdn. Bhd.	Malaysia	100	100	Restaurant
Bistroamericana (QB) Sdn. Bhd.	Malaysia	100	100	Restaurant
Bistroamericana (SP) Sdn. Bhd.	Malaysia	100	100	Restaurant
Bistroamericana (TC) Sdn. Bhd.	Malaysia	100	100	Restaurant
Teh Tarik Place Sdn. Bhd.	Malaysia	100	100	Restaurant
<u>Subsidiary company of HKAB:</u>				
Guangxi Zhongcheng Huatai Industrials Co., Ltd. ("GZHT") ^{1, 3}	People's Republic of China	40	-	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The subsidiary companies and shareholdings therein are as follows (cont'd):

Name of companies	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2020	2019	
		%	%	
Indirect holding (cont'd):				
<u>Subsidiary company of GZHT:</u>				
Guangxi Aerospace Beidou Internet of Things Technology Co., Ltd. ("GABIOT") ^{1, 3}	People's Republic of China	40	-	Involves in internet of things and technical internet research
<u>Subsidiary company of GABIOT:</u>				
Guangxi Aerospace Beidou New Energy Industry Technology Co., Ltd. ("GABNEIT") ^{1, 3}	People's Republic of China	17	-	Design and manufacture of ultra-capacitors and super batteries
<u>Subsidiary company of ("GABNEIT"):</u>				
Guangxi Aerospace Beidou High Energy Battery Co., Ltd. ^{1, 3}	People's Republic of China	17	-	Research and development, manufacturing, assembly and sales of battery materials, batteries, battery packs and battery application products.

¹ Subsidiary companies not audited by HLB AAC PLT (formerly known as Morison AAC PLT).

² Reclassified to disposal group held for sale as disclosed in Note 15 to the financial statements.

³ Although the Group owns less than half of the ownership interest in HKAB and its subsidiaries ("HKAB Group"), the Directors have determined that the Group controls HKAB Group by virtue of a shareholders' agreement with its other shareholders to nominate majority board representations in HKAB Group.

(c) Acquisition of equity interest in Techna-X Aerobeidou (formerly known as Usaha Bumi Indah Sdn. Bhd.)

On 21 August 2020, the Company acquired the entire equity interest in Techna-X Aerobeidou for a cash consideration of RM2,000. The acquisition has no significant financial impact to the Group and the Company during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Acquisition of equity interest in MD Labs

On 24 September 2020, the Company had acquired the entire equity interest in MD Labs for a cash consideration of RM12,500,000. The purchase consideration is to be paid over five tranches until 30 June 2022.

Based on the share purchase agreement, the vendors remain responsible for the management and the business affairs of MD Labs. A profit guarantee is provided by the vendor for a period of 2 years, and that the cumulative total guaranteed profit after taxation for the said 2 years shall be RM3,000,000 commencing from 1 July 2020 and expiring on 30 June 2022 ("Guaranteed Profit"). In the event that the actual profit after taxation shall fall below the Guaranteed Profit, the purchase consideration shall be reduced by the difference between the Guaranteed Profit and the actual profit, proportionately to the final 30% of the total purchase consideration.

Due to unprecedented COVID-19 pandemic and the movement control order enforced by the Malaysian government which has affected the performance of the subsidiary, on 31 December 2020, an agreement was reached between the Company and the vendors via a signed letter to revise the payment schedule for the purchase consideration and the profit guarantee period being revised to the period from 1 January 2021 and expiring on 31 December 2022 instead of commencing from 1 July 2020 and expiring on 30 June 2022.

The following summarises the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Group RM'000
Property, plant and equipment	102
Intangible assets	904
Other receivables	13
Cash and cash equivalents	37
Other payables	(619)
Total net assets acquired	437
Goodwill on acquisition	11,011
Purchase consideration	11,448
Less: Deferred consideration	(9,948)
Less: Cash and cash equivalents	(37)
Cash outflow on acquisition, net of cash	1,463

The initial accounting for the above business combination is currently determined provisionally. The fair value of the identifiable assets, liabilities and contingent liabilities will only be determined via a purchase price allocation exercise which is expected to be completed on or before 23 September 2021.

Acquisition related costs of RM97,000 (2019: NIL) have been charged to administration and operating expenses during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Acquisition of equity interest in HKAB its subsidiary companies

On 14 October 2020, the Company acquired 50% of the equity interest in HKAB for a total cash consideration of USD11,250,000 (equivalent to RM46,688,000). The purchase consideration is to be paid over five tranches until 14 January 2022.

Based on the share purchase agreement and shareholders agreement, the vendors remain responsible for the management and the business affairs of HKAB. A profit guarantee is provided by the vendors that a minimum profit after taxation of the Company for the first financial year of USD2,500,000 (equivalent to RM10,033,000) ("Guaranteed Profit"). The target date to achieve the guaranteed profit shall be 12 months upon completion. In event of a shortfall in the guaranteed profit, the purchase consideration shall be reduced proportionately by the difference between the Guaranteed Profit and the actual profit.

The COVID-19 pandemic affecting China and the world since early year 2020 had wreck unprecedented cataclysm to the economy, industry and business. Therefore, on 31 December 2020, an agreement was reached between the Company and the vendors via a signed letter to revise the payment schedule for the purchase consideration and the profit guarantee period to between 1 January 2021 and expiring on 31 December 2022 instead of 12 months upon completion expiring on 13 October 2021.

The following summarises the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Group RM'000
Property, plant and equipment	31,606
Intangible assets	12,553
Goodwill	55,267
Trade receivables	34
Other receivables	63,516
Tax recoverable	115
Cash and cash equivalents	1,168
Trade payables	(1,026)
Other payables	(37,968)
Provision for taxation	(5)
Non-controlling interest	(101,360)
Total net assets acquired	23,900
Goodwill on acquisition	17,764
Present value of the purchase consideration	41,664
Less: Deferred consideration	(41,664)
Less: Cash and cash equivalents	(1,168)
Cash inflow on acquisition, net of cash	(1,168)

The initial accounting for the above business combination is currently determined provisionally. The fair value of the identifiable assets, liabilities and contingent liabilities will only be determined via a purchase price allocation exercise which is expected to be completed on or before 13 October 2021.

Acquisition related costs of RM194,000 (2019: Nil) have been charged to administration and operating expenses during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(f) Non-controlling interests ("NCI") in subsidiary company

	HKAB and its subsidiaries	
	2020	2019
	RM'000	RM'000
Non-current assets	100,093	-
Current assets	66,033	-
Current liabilities	(41,054)	-
Net assets	125,072	-
Carrying amount of NCI as at year end	101,266	-
Revenue	925	-
Loss for the financial year	(1,201)	-
Total comprehensive expense during the financial year	(187)	-
Loss for the financial year allocated to NCI	(601)	-
Total comprehensive expense during the financial year allocated to NCI	(94)	-
Cash flows used in operating activities	(627)	-
Cash flows used in investing activities	(61)	-
Cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	(688)	-
Ownership interest and voting rights percentage held by NCI	50% to 83%	-

6. INVESTMENT IN AN ASSOCIATE

(a) Investment in an associate

	Group	
	2020	2019
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	154	154
Share of post-acquisition reserves	(154)	(4)
	-	150

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT IN AN ASSOCIATE (CONT'D)

(b) The associate and shareholdings therein are as follows:

Name of companies	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2020	2019	
		%	%	
Indirect holding:				
<u>Associate of Craveat International Sdn. Bhd.</u>				
Bistroamericana (JB) Sdn. Bhd. ^{1, 2}	Malaysia	20	20	Restaurant

¹ Associate not audited by HLB AAC PLT (formerly known as Morison AAC PLT).

² The audited financial statements for the financial year ended 31 December 2020 of this associate is not available at the date the financial statements of the Group. However, the Directors are of the opinion that the financial results of this associate are not material to the Group. Hence, the management accounts of the said associate for the financial year ended 31 December 2020 have been used for equity accounting purposes.

(c) The summarised financial information of the associate are as follows:

	Bistroamericana (JB) Sdn. Bhd.	
	2020 RM'000	2019 RM'000
Assets and Liabilities		
Non-current assets	-	727
Current assets	71	218
Current liabilities	(201)	(196)
	(130)	749
Revenue	273	236
Loss/Total comprehensive expense for the financial year	(879)	(22)
Cash flows used in operating activities	(104)	(16)
Cash flows used in investment activities	-	-
Cash flows used in financing activities	-	-
Net decrease in cash and cash equivalents	(104)	(16)

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT IN AN ASSOCIATE (CONT'D)

- (d) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	Bistroamericana (JB) Sdn. Bhd.	
	2020	2019
	RM'000	RM'000
The Group's share of loss/total comprehensive expense for the financial year	(150)	(4)
Net (liabilities)/assets	(130)	749
The Group's share of net assets	-	150

The Group has discontinued the recognition of its share of current year losses of Bistroamericana (JB) Sdn. Bhd. which has exceeded the Group's interest in Bistroamericana (JB) Sdn. Bhd. As at 31 December 2020, the Group's cumulative unrecognised share of losses in Bistroamericana (JB) Sdn. Bhd. is RM26,000 (2019: Nil).

7. RIGHT-OF-USE ASSETS

	Office RM'000	Retail properties RM'000	Total RM'000
Group			
Cost			
At 1 January 2019	-	-	-
Acquisition of subsidiary companies	114	7,804	7,918
At 31 December 2019	114	7,804	7,918
Additions	733	2,602	3,335
At 31 December 2020	847	10,406	11,253
Accumulated depreciation			
At 1 January 2019	-	-	-
Acquisition of subsidiary companies	38	1,766	1,804
Charge for the financial year	10	384	394
At 31 December 2019	48	2,150	2,198
Charge for the financial year	127	2,810	2,937
At 31 December 2020	175	4,960	5,135
Carrying amount			
At 31 December 2020	672	5,446	6,118
At 31 December 2019	66	5,654	5,720

NOTES TO THE FINANCIAL STATEMENTS

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7. RIGHT-OF-USE ASSETS (CONT'D)

	Office RM'000
Company	
Cost	
At 1 January 2019/31 December 2019/1 January 2020	-
Additions	256
At 31 December 2020	256
Accumulated depreciation	
At 1 January 2019/31 December 2019/1 January 2020	-
Charge for the financial year	22
At 31 December 2020	22
Carrying amount	
At 31 December 2020	234
At 31 December 2019	-

8. INTANGIBLE ASSETS

	Note	Goodwill on consolidation RM'000	Franchise fee RM'000	Source codes and software RM'000	Patents RM'000	Total RM'000
Group						
Cost						
At 1 January 2019		-	-	-	-	-
Acquisition of subsidiary companies and business		82,187	972	6,000	-	89,159
At 31 December 2019		82,187	972	6,000	-	89,159
Acquisition of subsidiary companies 5(d) & (e)		84,042	-	1,173	20,356	105,571
Exchange differences		584	-	-	215	799
At 31 December 2020		166,813	972	7,173	20,571	195,529
Accumulated amortisation						
At 1 January 2019		-	-	-	-	-
Acquisition of subsidiary companies and business		-	972	-	-	972
At 31 December 2019		-	972	-	-	972
Acquisition of subsidiary companies 5(d) & (e)		-	-	270	7,802	8,072
Charges during the year		-	-	834	342	1,176
Exchange differences		-	-	-	85	85
At 31 December 2020		-	972	1,104	8,229	10,305
Carrying amount						
At 31 December 2020		166,813	-	6,069	12,342	185,224
At 31 December 2019		82,187	-	6,000	-	88,187

NOTES TO THE FINANCIAL STATEMENTS

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8. INTANGIBLE ASSETS (CONT'D)

(a) Allocation of goodwill to Cash Generating Units ("CGU")

The Group's goodwill has been allocated to the respective CGUs as follows:

	Group	
	2020	2019
	RM'000	RM'000
Technology-driven Technology driven food and beverage	27,098	27,098
Technology and digital transformation enabler	66,100	55,089
Energy storage solutions	73,615	-
	166,813	82,187

(b) Impairment test for goodwill on consolidation

The Group undertakes an annual impairment assessment on its cash-generating units ("CGU") identified based on its technology-driven Technology driven food and beverage, technology and digital transformation enabler and energy storage solutions, being the lowest level of asset for which the management monitors the goodwill of the Group.

Key assumptions used to determine recoverable amount

The recoverable amount of the Group's CGU has been determined based on value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond five-year period are extrapolated using the estimated growth rates.

The key assumptions used for the value-in-use calculations of the respective CGUs include the following:

- (i) Budgeted gross margin which is estimated based on past experience and future expectations over the budgeted period for new product offerings for the respective CGUs, adjusted for expected cost savings and efficiency improvements.
- (ii) Pre-tax discount rate and terminal growth rate:

	Technology-driven food and beverage	Technology and digital transformation enabler	Energy saving solutions
	2020	2020	2020
Pre-tax discount rate	15%	15%	15%
Terminal growth rate	-	1%	-

Management determined the revenue growth rates, direct costs and operating expenses during the budget period based on future expectation of changes in the market. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis, the Board of Directors concluded that no reasonable change in the assumptions above would cause the carrying amount of the CGUs to exceed its recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

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9. DEFERRED TAX ASSETS / (LIABILITIES)

	Group	
	2020	2019
	RM'000	RM'000
Deferred tax assets	-	143
Deferred tax liabilities	(19)	(163)
	(19)	(20)

The movement on the net deferred tax assets / liabilities are as follows:

		Group	
		2020	2019
	Note	RM'000	RM'000
At 1 January		(20)	6,338
Acquisition of subsidiary companies		-	(399)
Recognised in profit or loss	28		
- property, plant and equipment		-	(157)
- unutilised tax losses		1	(6,129)
- unabsorbed capital allowances		-	53
		1	(6,233)
Exchange differences		-	274
At 31 December		(19)	(20)

The components of deferred tax assets and liabilities of the Group and the Company during the financial year prior to offsetting are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Deferred tax assets		
- Unabsorbed capital allowances	-	144
- Unutilised tax losses	105	104
	105	248
Offsetting	(105)	(105)
Net deferred tax assets	-	143
Deferred tax liabilities		
- Property, plant and equipment	124	268
Offsetting	(105)	(105)
Net deferred tax liabilities	19	163

NOTES TO THE FINANCIAL STATEMENTS

cont'd

9. DEFERRED TAX ASSETS / (LIABILITIES) (CONT'D)

The amounts deductible temporary difference and unutilised tax losses of the Group and the Company for which no deferred tax assets were recognised in the statements of financial position are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Deductible temporary differences	167	333,488
Unutilised tax losses	5,049	200,090
Unabsorbed capital allowances	573	430
	5,789	534,008

Included in the table in the prior year financial year are unutilised tax losses and deductible temporary differences that relate to the PIPO Overseas Limited and its subsidiary company and is denominated in Chinese Renminbi ("RMB") amounting to RMB888,130,000 at the end of the reporting date. The unutilised tax losses were eligible to be carried forward up to financial year 2021 and 2025.

10. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
Consumables	-	14,237
Raw materials	-	36,952
Work-in-progress	-	634
Finished goods	49	3,914
Technology-driven food and beverages	262	412
	311	56,149

11. TRADE RECEIVABLES

	Group	
	2020	2019
	RM'000	RM'000
Trade receivables	1,320	78,366
Less: impairment loss	(279)	(22,997)
	1,041	55,369

The normal credit period granted by the Group to trade customers ranges from 7 to 90 days (2019: 7 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

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11. TRADE RECEIVABLES (CONT'D)

Movement in impairment loss during the financial year is as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	22,997	-
Impairment loss during the financial year	279	23,213
Exchange difference	1,207	(216)
Transfer to disposal group held for sale	(24,204)	-
At 31 December	279	22,997
Represented by:		
Individually impaired	279	22,997

12. OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits	1,653	1,587	23	10
Other receivables	70,259	20,132	-	-
Prepayment	44	243	11	6
	71,956	21,962	34	16

Included in other receivables are the following:

- An amount of RM3,000,000 (2019: RM3,000,000) claimable by Craveat International Sdn. Bhd. and its subsidiaries from the vendor, Chaswood Resources Sdn. Bhd. for the settlement of its existing creditors and borrowings prior to the acquisition pursuant to the share purchase agreement.
- An amount of RM64,693,000 (2019: RM Nil) arising from the unpaid share capital owing by the non-controlling shareholders of an indirect subsidiary company, Guangxi Aerospace Beidou New Energy Industry Technology Co., Ltd. ("GABNEIT").

13. AMOUNT OWING BY RELATED PARTIES

	Group	
	2020	2019
	RM'000	RM'000
Amount owing by related parties	-	114,064
Less: Impairment losses	-	(114,064)
	-	-

This represents trade transactions with the normal credit period granted by the Group to its trade customers.

NOTES TO THE FINANCIAL STATEMENTS

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13. AMOUNT OWING BY RELATED PARTIES (CONT'D)

Movement in impairment loss during the financial year is as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	114,064	117,052
Exchange difference	5,990	(2,988)
Transfers to disposal group held for sale	(120,054)	-
At 31 December	-	114,064
Represented by:		
Individually impaired	-	114,064

The above impairment was made in relation to Linyi Jiangxin Steel Co. Ltd. ("Jiangxin Steel"), following the challenging operating environment faced by Jiangxin Steel subsequent to the order by the Ministry of Environmental Protection of the People's Republic of China ("MoEP") to suspend Jiangxin Steel's operations.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	5,538	13,505	1,651	116
Deposits placed with licensed banks	1,437	1,479	1,437	1,479
	6,975	14,984	3,088	1,595

Interest rates on deposits placed with licensed banks average at 2.63% (2019: 3.46%) per annum and have an average maturity period of 7 days (2019: 7 days).

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 11 November 2020, the Company has entered into a share purchase agreement with Hua Fei Investment Limited for the proposed disposal of 50,000 ordinary shares in a wholly owned subsidiary, PIPO Overseas Limited ("PIPO Group") for a total cash consideration of RMB88,000,000 (equivalent to RM54,041,000).

Pursuant to MFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", an entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Accordingly, PIPO Group is thereafter classified as a disposal group held for sale.

NOTES TO THE FINANCIAL STATEMENTS

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15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

As the results for PIPO Group were not presented as a discontinued operation for the comparative consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2019, the effect for the discontinued operations have been re-presented to show the discontinued operation separately from continuing operations.

	Company	
	2020	2019
	RM'000	RM'000
Cost of investment	904,908	-
Amount owing by PIPO Group	257,161	-
Net assets disposal	1,162,069	-
Less: Impairment loss	(1,108,028)	-
Disposal consideration	54,041	-

Assets of the disposal group classified as held for sale are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment	65,287	-
Prepaid lease payments	27,146	-
Inventory	23,827	-
Trade receivables	1,380	-
Other receivables	8,204	-
Cash and cash equivalents	3,076	-
	128,920	-

Liabilities of the disposal group classified as held for sale are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Trade payables	43,811	-
Other payables	50,569	-
Amount owing to a Director	8	-
	94,388	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

Included in the other payables is an amount of RM30,304,000 (2019: Nil) owing to a customer in relation to the material litigation as disclosed in Note 36(i) to the financial statements.

Cash flows of the disposal group held for sale are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Operating cash flows	(11,217)	27,172
Investing cash flows	(5,286)	(12,248)
Financing cash flows	-	(24,055)
	(16,503)	(9,131)

Cumulative income recognised in other comprehensive income relating to the disposal group classified as held for sale amounting to RM192,246,000 (2019: RM179,357,000).

Analysis of the results of discontinued operations as follows:

	Group	
	2020	2019
	RM'000	RM'000
Revenue	302,920	782,203
Cost of sales	(396,870)	(832,155)
Gross loss	(93,950)	(49,952)
Other income	940	327
Administration and operating expenses	(69,445)	(126,084)
Finance cost	(397)	(20)
Loss before tax	(162,852)	(175,729)
Taxation	-	(6,234)
Loss after tax from discontinued operations	(162,852)	(181,963)

NOTES TO THE FINANCIAL STATEMENTS

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15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

The following amounts have been included in arriving at loss before tax from discontinued operations:

	Group	
	2020	2019
	RM'000	RM'000
Auditors' remuneration		
- statutory	347	385
- over provision in prior year	-	(16)
Amortisation of prepaid lease payments	1,050	1,027
Depreciation of property, plant and equipment	24,929	27,286
Directors' remuneration		
- fees	-	39
- salaries and other emoluments	402	312
Impairment loss on:		
- property, plant and equipment	-	49,091
- trade receivables	-	23,213
Interest income	(15)	(37)
Property, plant and equipment written off	-	20,486
Provision for compensation on unfulfilled obligation (Note 36(ii))	30,304	-
Staff costs	35,969	36,314

16. TRADE PAYABLES

The normal credit period granted to the Group from the trade payables ranges from 30 to 90 days (2019: 30 to 90 days).

17. OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Accruals	4,040	9,026	548	685
Deposits	282	581	-	-
Other payables	162,825	95,877	82,896	35,204
	167,147	105,484	83,444	35,889
Analyse as				
Current	136,986	82,114	64,703	24,204
Non-current	30,161	23,370	18,741	11,685
	167,147	105,484	83,444	35,889

NOTES TO THE FINANCIAL STATEMENTS

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17. OTHER PAYABLES (CONT'D)

Included in other payables are the following:

- (a) An amount of RM1,280,000 (2019: RM1,280,000) recognised in relation to a call option by Craveat Management Sdn. Bhd. to acquire up to 16% of the shareholding in Craveat and its subsidiaries based on the projected earnings before interest, tax, depreciation and amortisation ("Projected EBITDA") of RM4,400,000 million for the period ending 36 months after the completion of the sales and purchase agreement ("SPA") for a fixed exercise price of RM100,000.

Due to the unprecedented COVID-19 pandemic and the movement control order enforced by the Malaysian government which has affected the performance of this subsidiary, on 31 December 2020, Craveat Management Sdn. Bhd. sought indulgence from the Company to vary the call option period from 36 months after the completion of the SPA to 48 months and the Projected EBITDA shall be defined as the earnings before interest, tax, depreciation and amortization of RM4,400,000 for the year ended 31 December 2021 instead of the period ending 12 months after the completion of the SPA.

- (b) Consideration/Contingent consideration payable in relation to the acquisition of subsidiaries and business as follows:

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Acquisition of:					
- Craveat		-	4,000	-	4,000
- Touchpoint and business of Wavetree		61,404	60,624	30,220	30,312
- MD Labs	5(d)	9,908	-	9,908	-
- HKAB	5(e)	41,664	-	41,664	-

Due to the unprecedented COVID-19 pandemic and the movement control order enforced by the Malaysian government since March 2020 where only limited operations were allowed, business travel for meetings and discussions were severely curtailed, TPI and Wavetree were therefore unable to rollout the relevant contracts as originally planned. In view of such unforeseen circumstances, the Company and the vendors, had on 31 December 2020, reached agreements to extend the profit guarantee period expiring on 30 June 2021 to 31 December 2021 and as a gesture of goodwill, the vendors agree to defer the full settlement of the purchase consideration to a date falling on or before 30 June 2022.

- (c) An amount of RM13,280,000 (2019: RM Nil) payable in relation to the material litigation as disclosed in Note 36(ii) to the financial statements.
- (d) Included in other payables is an advance from a People's Republic of China municipal agencies amounting to RM14,186,000 (2019: RM Nil) which is repayable on demand and bears an interest rate of 10% (2019: Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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18. LEASE LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	6,569	-	-	-
Acquisition of subsidiary companies	-	6,958	-	-
Addition	3,335	-	256	-
Finance costs	504	78	1	-
Repayment	(3,427)	(467)	(22)	-
At 31 December	6,981	6,569	235	-
Analysed as				
Repayable within twelve months	3,491	2,047	133	-
Repayable after twelve months	3,490	4,522	102	-
	6,981	6,569	235	-

The effective interest rates used in arriving the lease liability is ranging from 2.5% to 6.85% (2019: 6.85%).

19. AMOUNT OWING TO A DIRECTOR

This represents non-trade transactions, unsecured, interest free and repayable on demand.

20. AMOUNT OWING TO A SUBSIDIARY COMPANY

This amount is unsecured, interest free and are repayable on demand. The currency profiles of the balances are disclosed in Note 34 to the financial statements.

21. BORROWINGS

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

NOTES TO THE FINANCIAL STATEMENTS

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21. BORROWINGS (CONT'D)

Maturity of borrowings is as follows:

	Group	
	2020	2019
	RM'000	RM'000
Within one year	1,987	2,308

Interest rate is charged at a rate of 5.10% (2019: 6.15%) per annum.

The above credit facilities obtained from licensed banks are secured by the following:

- (a) Corporate guarantee by the former ultimate holding company, Chaswood Resources Holdings Ltd; and
- (b) Fixed and floating charge over all present and future assets of two subsidiaries of Craveat International Sdn. Bhd..

22. REDEEMABLE CONVERTIBLE NOTES

	Group/Company	
	2020	2019
	RM'000	RM'000
At 1 January	3,771	-
Issued during the financial year	21,000	3,771
Charged to profit or loss	1,229	-
Converted into ordinary shares	(26,000)	-
At 31 December	-	3,771

On 5 September 2019, the shareholders of the Company approved the issuance of up to 3 tranches of Redeemable Convertible Notes ("RCN") with an aggregate principal amount up to RM150,000,000 at an Extraordinary General Meeting which is convertible into a maximum of 833,333,333 new shares based on the minimum conversion price of RM0.18 which was subsequently revised to RM0.10 on 11 November 2019 through a supplementary agreement. The RCN has a tenure of 3 years from the closing date of the first sub-tranche of Tranche 1 Notes ("Maturity Date"). As at 31 December 2020, the Company had issued a total of RM26,000,000 (2019: RM5,000,000) RCN. During the financial year, the RCN had been fully converted into new ordinary shares.

The salient terms of the RCN are as follows:

- (a) Issuance up to RM150 million principal amount which is convertible into a maximum of 833,333,333 new shares in aggregate, divided into three tranches:
 - (i) Tranche 1 of RM50 million comprising 50 equal sub-tranches of RM1 million each;
 - (ii) Tranche 2 of RM50 million comprising 50 equal sub-tranches of RM1 million each;
 - (iii) Tranche 3 of RM50 million comprising 50 equal sub-tranches of RM1 million each;

The issuance of Tranche 2 Notes and Tranche 3 Notes shall be at the option of the Group, in accordance with the terms and conditions of the Subscription Agreement;

NOTES TO THE FINANCIAL STATEMENTS

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22. REDEEMABLE CONVERTIBLE NOTES (CONT'D)

- (b) The RCN shall bear interest from the respective dates on which they are issued and registered in accordance with the terms and conditions as set out in the Subscription Agreement at the rate of 1% per annum, payable semi-annually in arrears on 30 June and 31 December in each year in respect of the period from (and including) the closing date of the first sub-tranche of Tranche 1 Notes and the last payment of interest being made on the Maturity Date;

If the closing price per Share of the Company falls below the Minimum Conversion Price (as defined in Note 22(d)) for more than ten (10) consecutive Business Days, the interest rate of all outstanding Notes as set out above shall be adjusted upward to 8% per annum retrospectively from the first Business Day of the Initial 10 Business Days Period;

- (c) Each Noteholder has the right to convert any Notes ("Conversion Right") into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the holder thereof;

The number of Conversion Shares to which a Noteholder is entitled on conversion of the Notes shall be determined by dividing the aggregate nominal value of the Notes held by the Noteholder with the applicable Conversion Price, determined in effect on the relevant Conversion Date provided that the aggregate number of Shares arising from the conversion of the Notes shall not exceed the Conversion Limit. Fractions of a Conversion Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof;

- (d) The price at which each Conversion Share shall be issued upon conversion of the Notes ("Conversion Price") shall be:

- (i) in respect of Tranche 1 Notes, 85% of the average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which Techna-X Berhad ("Techna-X") Shares were traded on the Main Market of Bursa Securities;
- (ii) in respect of Tranche 2 Notes, 88% of the average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which Techna-X Shares were traded on Bursa Securities;
- (iii) in respect of Tranche 3 Notes, 90% of the average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which Techna-X Shares were traded on Bursa Securities; and

Provided always that the Conversion Price is not less than RM0.10, being the minimum Conversion Price for the Notes ("Minimum Conversion Price" or "MCP"). If the Conversion Price for each Conversion Share calculated in accordance with the conditions (i) to (iii) above is less than the Minimum Conversion Price, the Conversion Price for each Conversion Share shall be equal to the Minimum Conversion Price;

- (e) The Notes which are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

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23. SHARE CAPITAL

	Group/Company			
	2020		2019	
	Number of shares 000	Amount RM'000	Number of shares 000	Amount RM'000
Issued and fully paid				
At 1 January	1,122,308	1,115,045	1,122,308	1,115,045
Issuance of shares, net of transaction costs pursuant to:				
- Conversion of RCN	260,000	26,000	-	-
- Debt settlement	55,644	3,500	-	-
- Private placement	100,000	8,760	-	-
At 31 December	1,537,952	1,153,305	1,122,308	1,115,045

During the financial year, the issued and paid-up share capital of the Company was increased from 1,122,308,000 to 1,537,952,000 ordinary shares by way of the issuance of:

- 260,000,000 new ordinary shares pursuant to the conversion of Redeemable Convertible Notes at conversion price of RM0.10 per share amounting to RM26,000,000;
- 55,644,000 new ordinary shares pursuant to the debt settlements at RM0.0629 per share amounting to RM3,500,000; and
- 100,000,000 new ordinary shares pursuant to the private placement at RM0.1098 per share amounting to RM10,980,000.

The new ordinary shares issued during the financial year ranks pari-passu in all respect with the existing ordinary shares of the Company.

24. RESERVES

	Note	Group	
		2020 RM'000	2019 RM'000
<u>Non-distributable</u>			
Reverse acquisition reserve	(a)	(799,823)	(799,823)
Foreign currency translation reserve	(b)	192,753	179,357
Statutory common reserve fund	(c)	49,358	49,358
Share option reserve	(d)	2,640	2,640
		(555,072)	(568,468)

NOTES TO THE FINANCIAL STATEMENTS

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24. RESERVES (CONT'D)

(a) Reserve acquisition reserve

The Company completed the acquisition of the entire equity interest in PIPO Overseas Limited and its subsidiary ("PIPO Group") via the issuance of 800,000,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share on 26 March 2007.

Upon completion of the acquisition of PIPO, the Company became the legal holding company of PIPO. Due to the relative values of PIPO and the Company, the former shareholders of PIPO became the majority shareholders through the issuance of 800,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share in the Company, controlling about 88% of the issued and paid-up share capital of the Company. Further, the Company's continuing operations and key executive management are those of PIPO. Accordingly, the substance of the business combination is that PIPO acquired the Company in a reverse acquisition.

MFRS 3 requires that the consolidated financial statements are issued under the name of the legal holding company, though they are a continuation of the financial statements of the legal subsidiary. In order to comply with MFRS 3, the following have been reflected in the consolidated financial statements:

- (i) the assets and liabilities of the Company and PIPO Group have been recognised at their book values immediately prior to the reverse acquisition;
- (ii) the pre-acquisition retained earnings recognised in the consolidated financial statements are those of PIPO Group;
- (iii) the amount recognised as issued equity instruments in the consolidated financial statements is the sum of:
 - the issued and paid-up share capital of PIPO immediately before the reverse acquisition; and
 - the cost of achieving the combination;
- (iv) the equity structure appearing in these consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the Company.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Statutory common reserve

In accordance with the relevant People's Republic of China ("PRC") regulations and the subsidiary company's Articles of Association, the subsidiary company in PRC is required to allocate its profit after tax to the statutory common reserve fund.

The subsidiary company in PRC is required each year to transfer 10% of its profit after tax as reported under PRC statutory financial statements to the statutory common reserve funds until the balance reaches 50% of the registered share capital of the said subsidiary company. This reserve can be used to make up any loss incurred or to increase share capital. Except for the reduction of losses incurred, any other application should not result in this reserve balance falling below 25% of the registered capital.

(d) Share option reserve

The share option reserve is recognised in relation to a call option by Craveat Management Sdn. Bhd. to acquire 33% of the shareholding in Craveat International Sdn. Bhd. and its subsidiaries exercisable 36 months after the completion of the share purchase agreement.

During the financial year, the call option was extended to 48 months as disclosed in Note 17(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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25. REVENUE

	Group	
	2020	2019
	RM'000	RM'000
		Restated
Revenue recognised from contracts with customers:		
- Restaurant	18,214	5,582
- Energy storage solutions	925	-
- Technology and digital transformation enabler	1,414	-
	20,553	5,582
Major goods and services		
Restaurant:		
- Restaurant operations	17,419	5,282
- Royalty	500	171
- Franchising	295	129
Energy storage solutions	925	-
Technology and digital transformation enabler:		
- Software development	334	-
- Software maintenance	148	-
- Digital platform	202	-
- Data analysis	730	-
	20,553	5,582

Breakdown of revenue recognised from contracts with customers is as follows:

	Group	
	2020	2019
	RM'000	RM'000
		Restated
Geographical market		
People's Republic of China	925	-
Malaysia	19,628	5,582
	20,553	5,582

NOTES TO THE FINANCIAL STATEMENTS

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25. REVENUE (CONT'D)

Breakdown of revenue recognised from contracts with customers is as follows:

	Group	
	2020	2019
	RM'000	RM'000
		Restated
Timing of revenue recognition		
At a point in time	19,408	5,282
Over time	1,145	300
	20,553	5,582

26. FINANCE COST

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		Restated		
Advances	233	-	-	-
Bank overdraft	-	9	-	-
Redeemable convertible notes	1,392	55	1,392	55
Lease liabilities	504	78	1	-
Term loan interest	192	33	-	-
	2,321	175	1,393	55

NOTES TO THE FINANCIAL STATEMENTS

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27. LOSS BEFORE TAXATION

Loss before taxation is derived after charging/(crediting):

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
	Restated			
Auditors' remuneration:				
- statutory audit	372	176	83	94
- others	74	40	74	40
Amortisation of intangible assets	1,176	-	-	-
Bad debts written off	338	-	-	-
Depreciation of property, plant and equipment	850	116	2	16
Directors of the Company:				
- fees	83	60	83	60
- salaries and other emoluments	271	458	271	458
- Employee Provident Fund	33	53	33	53
Fair value loss on contingent consideration payables	1,740	-	868	-
Impairment loss on:				
- investment in subsidiary companies	-	-	131,871	221,833
- trade receivables	279	-	-	-
Rental of assets:				
- Depreciation of right-of-use assets	2,937	394	22	-
- Short-term leases	43	41	33	41
- Low value assets	337	126	2	4
Property, plant and equipment written off	57	6	-	-
Unrealised foreign exchange loss	-	-	3,733	1,408
Waiver of debts	(129)	-	-	-
Finance income	(38)	(60)	(38)	(60)

NOTES TO THE FINANCIAL STATEMENTS

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28. TAXATION

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
	Restated			
Current taxation:				
- Current year provision	72	69	-	-
- Under/(Over) provision in prior year	243	(130)	-	-
	315	(61)	-	-
Deferred taxation (Note 9):				
- Origination and reversal of temporary differences	(1)	(1)	-	-
	314	(62)	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) on chargeable income of the estimated assessable loss for the financial year. The corporate tax rate applicable to the People's Republic of China ("PRC") subsidiaries of the Group is at 25% (2019: 25%).

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
	Restated			
Loss before taxation	(182,294)	(177,577)	(143,257)	(226,054)
Less: loss from discontinued operations (Note 15)	162,852	175,729	-	-
Loss from continued operations	(19,442)	(1,848)	(143,257)	(226,054)
Taxation at statutory tax rate of 24% (2019: 24%)	(4,666)	(444)	(34,382)	(54,253)
Expenses not deductible for tax purposes	3,605	819	34,391	54,267
Income not subject to tax	(9)	(857)	(9)	(14)
Deferred tax assets not recognised	1,141	550	-	-
Under/(Over) provision of current taxation in prior year	243	(130)	-	-
Taxation for the financial year	314	(62)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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29. 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 financial year.

	Group	
	2020	2019
		Restated
Loss for the financial year attributable to the owners of the Company from (RM'000):		
- continuing operations	(19,155)	(1,786)
- discontinued operations	(162,852)	(181,963)
	(182,007)	(183,749)
Weighted average number of shares in issue ('000)	1,220,278	1,122,308
Basic loss per share (sen)		
- continuing operations	(1.57)	(0.16)
- discontinued operations	(13.35)	(16.21)
	(14.92)	(16.37)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, consolidated profit 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.

	Group	
	2020	2019
		Restated
Loss for the financial year attributable to the owners of the Company from (RM'000):		
- continuing operations	(19,155)	(1,786)
- discontinued operations	(162,852)	(181,963)
	(182,007)	(183,749)
Adjustment in respect of redeemable convertible notes (RM'000)	-	-*
Loss for the year after dilutive adjustment (RM'000)	(182,007)	(183,749)

NOTES TO THE FINANCIAL STATEMENTS

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29. LOSS PER SHARE (CONT'D)

(b) Diluted loss per share (cont'd)

	Group	
	2020	2019
		Restated
Weighted average number of shares in issue ('000)	1,220,278	1,122,308
Adjustment in respect of redeemable convertible notes ('000)	-	-*
Adjusted weighted average number of shares in issue ('000)	1,220,278	1,122,308
Diluted loss per share (sen)		
- continuing operations	(1.57)	(0.16)
- discontinued operations	(13.35)	(16.21)
	(14.92)	(16.37)

* 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.

30. STAFF COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		Restated		
Salary, bonus and other emoluments (excluding Directors)	7,937	1,990	544	556
Defined contribution plan	791	194	65	67
	8,728	2,184	609	623

31. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS

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31. RELATED PARTY DISCLOSURES (CONT'D)

Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
	Restated			
Salary and allowances	2,560	1,875	569	733
Statutory pension scheme contributions	186	102	58	79
	2,746	1,977	627	812

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loan	Lease liabilities	Total
	RM'000	RM'000	RM'000
Group			
At 1 January 2019	24,055	-	24,055
Acquisition of subsidiary companies	2,446	6,958	9,404
Finance cost accrued	32	-	32
Cash flows	(23,694)	(389)	(24,083)
Exchange differences	(531)	-	(531)
At 31 December 2019	2,308	6,569	8,877
Addition	-	3,335	3,335
Finance cost accrued	192	-	192
Cash flows	(513)	(2,923)	(3,436)
At 31 December 2020	1,987	6,981	8,968

33. SEGMENT INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the reports reviewed by the Board of Directors. The Board of Directors monitors the operating results of its business segment separately for the purposes of making decision about resource allocation and performance assessment.

Management has determined the operating segments based on the reports reviewed by the Board of Directors (Chief Operating Decision Maker). The Board of Directors considers the business from an activity perspective.

NOTES TO THE FINANCIAL STATEMENTS

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33. SEGMENT INFORMATION (CONT'D)

The main business segments of the Group comprise the following:

Technology-driven food and beverage	:	involved in restaurant operations and provision of franchise
Energy storage solutions	:	involved in manufacturing and trading of energy storage solutions such as super battery and super capacitor for the use in industrial
Technology and digital transformations enabler	:	provision of software development and maintenance services and data analysis
Manufacturing and trading of coke	:	involved in manufacturing and sales of metallurgical coke and other related by-products (discontinued operations)
Others	:	Included investment holding and dormant

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenue is eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The amounts relating to the manufacturing and trading of metallurgical coke segment have been excluded to arrive at amounts shown in the consolidated statement of profit or loss and other comprehensive income as they are presented separately within "loss from discontinued operations".

	Note	Technology-driven food and beverage RM'000	Energy storage solutions RM'000	Technology and digital transformations enabler RM'000	Others RM'000	Elimination RM'000	Total RM'000
2020							
Revenue							
Sales		18,214	925	1,414	-	-	20,553
Less: Inter-segment revenue		-	-	-	-	-	-
		18,214	925	1,414	-	-	20,553
Results							
Depreciation and amortisation		(3,498)	(507)	(934)	(24)	-	(4,963)
Other significant non-cash expenses	(a)	(233)	-	(1,184)	(868)	-	(2,285)
Finance income		-	-	-	38	-	38
Finance costs		(693)	(235)	(1,393)	-	-	(2,321)
Taxation		(314)	(1)	1	-	-	(314)
Segment loss		(3,499)	(1,201)	(3,670)	(143,257)	131,871	(19,756)
Assets							
Segment assets		46,859	183,890	73,643	114,199	(110,687)	307,904
Liabilities							
Segment liabilities		38,693	41,054	35,550	83,679	(19,265)	179,711

NOTES TO THE FINANCIAL STATEMENTS

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33. SEGMENT INFORMATION (CONT'D)

	Note	Technology-driven food and beverage RM'000	Energy storage solutions RM'000	Technology and digital transformations enabler RM'000	Others RM'000	Elimination RM'000	Total RM'000
2019 (Restated)							
Revenue							
Sales		5,582	-	-	-	-	5,582
Less: Inter-segment revenue		-	-	-	-	-	-
		5,582	-	-	-	-	5,582
Results							
Depreciation and amortisation		(494)	-	-	(16)	-	(510)
Other significant non-cash expenses	(a)	6	-	-	-	-	(6)
Finance costs		(175)	-	-	-	-	(175)
Taxation		62	-	-	-	-	62
Segment profit/(loss)		1,027	-	-	(2,813)	-	(1,786)
Assets							
Segment assets		44,774	-	62,255	39,925	(38,312)	108,642
Liabilities							
Segment liabilities		33,107	-	31,943	39,661	-	104,711

(a) Other significant non-cash expenses consist of the following:

	Group	
	2020 RM'000	2019 RM'000 Restated
Bad debts written off	338	-
Fair value loss on contingent consideration payables	1,740	-
Impairment loss on trade receivables	279	-
Property, plant and equipment written off	57	6
Waiver of debts	(129)	-
	2,285	6

NOTES TO THE FINANCIAL STATEMENTS

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33. SEGMENT INFORMATION (CONT'D)

Geographical information

- (i) Geographical information of revenue is disclosed in Note 25 to the financial statements.
- (ii) Non-current assets by geographical location of assets are as follows:

	Group	
	2020	2019
	RM'000	RM'000
		Restated
People's Republic of China	100,093	-
Malaysia	126,979	97,259
	227,072	97,259

34. FINANCIAL INSTRUMENTS

The following table analyses the financial assets and financial liabilities of the Group and of the Company by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets and liabilities at amortised cost	
	2020	2019
	RM'000	RM'000
		Restated
Group		
Financial assets		
Trade receivables	1,041	55,369
Other receivables	71,912	21,719
Cash and cash equivalents	6,975	14,984
	79,928	92,072
Financial liabilities		
Trade payables	3,562	43,573
Other payables	167,147	105,484
Lease liabilities	6,981	6,569
Amount owing to a Director	-	8
Borrowings	1,987	2,308
Redeemable convertible notes	-	3,771
	179,677	161,713

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34. FINANCIAL INSTRUMENTS (CONT'D)

	Financial assets and liabilities at amortised cost	
	2020	2019
	RM'000	RM'000
		Restated
Company		
Financial assets		
Other receivables	23	10
Cash and cash equivalents	3,088	1,595
	3,111	1,605
Financial liabilities		
Other payables	83,444	35,889
Lease liabilities	235	-
Amount owing to a subsidiary company	-	22,409
Redeemable convertible notes	-	3,771
	83,679	62,069

Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade receivables.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statement of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The ageing analysis of the Group's trade receivables and is as follows:

	Group	
	2020	2019
	RM'000	RM'000
Neither past due nor individually impaired	679	54,939
Past due but not individually impaired:		
- Between 1 to 180 days	160	252
- Between 181 to 365 days	-	77
- More than 365 days	202	101
	362	430
Individually impaired	279	22,997
	1,320	78,366

The Group's trade receivables of RM362,000 (2019: RM430,000) was past due but not individually impaired. These relate to a number of independent customers for whom there is no recent history of default.

The Group's trade receivables of RM279,000 (2019: RM22,997,000) was individually impaired. The individually impaired receivables mainly relate to trade receivables, which are facing difficulties in cash flows. As at the end of the reporting date, the impairment loss for these receivables is RM279,000 (2019: RM22,997,000).

At reporting date, the Group's concentration of the top 1 (2019: 1) trade customers of the Group represent 29% (2019: 98%) of the total trade receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, borrowings and redeemable convertible notes.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

The Group has prepared a cash flow forecast to consider the availability of the remaining tranches of the Redeemable Convertible Notes and proceeds from the proposed disposal of PIPO Overseas Limited, coupled with its cash flows generated from its operating activities in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Segment assumptions and judgements are used in the preparation of the cash flows forecast.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Below 1 year RM'000	Between 2 to 5 year RM'000	Above 5 years RM'000
2020						
Group						
Trade payables	3,562	-	3,562	3,562	-	-
Other payables	167,147	-	182,827	145,949	36,878	-
Lease liabilities	6,981	-	7,488	3,813	3,675	-
Borrowings	1,987	5.10	1,987	1,987	-	-
	179,677		195,864	155,311	40,553	-
Company						
Other payables	83,444	-	92,687	69,809	22,878	-
Lease liabilities	235	-	240	137	103	-
	83,679	-	92,927	69,946	22,981	-
2019						
Group						
Trade payables	43,573	-	43,573	43,573	-	-
Other payables	105,484	-	115,579	85,579	30,000	-
Lease liabilities	6,569	-	7,313	2,431	4,736	146
Amount owing to a Director	8	-	8	8	-	-
Borrowings	2,308	6.15	2,308	2,308	-	-
Redeemable convertible notes	3,771	-	5,000	5,000	-	-
	161,713		173,781	138,899	34,736	146
Company						
Other payables	35,889	-	41,577	26,577	15,000	-
Amount owing to a subsidiary company	22,409	-	22,409	22,409	-	-
Redeemable convertible notes	3,771	-	5,000	5,000	-	-
	62,069		68,986	53,986	15,000	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Foreign currency exchange risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in currency other than Ringgit Malaysia. The currency giving risk to this risk is primarily arise from Chinese Renminbi. The Group and the Company monitor the foreign currency risks on an ongoing basis.

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

Functional Currency	Financial assets/ (liabilities) held in non-functional currency	
	Chinese Renminbi ("RMB") RM'000	Total RM'000
Company		
2020		
Amount owing by/(to) a subsidiary company	-	-
2019		
Amount owing by/(to) a subsidiary company	(22,409)	(22,409)

Currency risk sensitivity analysis

The following table shows the sensitivity of the Company's profit net of tax to a reasonably possible change in the RMB exchange rates against the functional currency of the Company, with all other variables remain constant.

	Company Profit or loss, net of tax	
	2020 RM'000	2019 RM'000
RMB/RM - strengthened 5%	-	(852)
- weakened 5%	-	852

NOTES TO THE FINANCIAL STATEMENTS

cont'd

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Market risk (cont'd)

(b) Interest rate risk

The Group and the Company finance its operation through operating cash flows. Interest rate exposure arises from the Group's deposits.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instrument, based on carrying amounts as at the end of the financial year is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments				
Financial liabilities	(1,987)	(2,308)	-	-
Fixed rate instruments				
Financial assets	1,437	1,479	1,437	1,479
Financial liabilities	(14,186)	(3,771)	-	(3,771)
	(12,749)	(2,292)	1,437	(2,292)

Interest rate sensitivity analysis

Since the Group's and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

A change of 50 basis points ("bp") in floating interest rates at the end of the reporting period would have increase/(decrease) profit net of tax by the amounts shown below, assuming all other variables remain constant.

	Group	
	Profit or loss, net of tax	
	2020	2019
	RM'000	RM'000
Profit net of tax		
50 bp increase	(8)	(9)
50 bp decrease	8	9

NOTES TO THE FINANCIAL STATEMENTS

cont'd

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(c) Fair values

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings are approximate their fair values at the reporting date due to the relatively short term of these financial instruments.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments not carried at fair value in the statements of financial position:

	2020		2019	
	Carrying amount	Level 2 Fair value	Carrying amount	Level 2 Fair value
	RM'000	RM'000	RM'000	RM'000
Group				
Financial liabilities				
Lease liabilities	6,981	6,981	6,569	6,569
Other payables	167,147	167,147	105,484	105,484

The Company does not anticipate the carrying amounts of other financial instruments recorded at the reporting date to be significant different from the values that would eventually settled.

35. CAPITAL MANAGEMENT

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to the owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

35. CAPITAL MANAGEMENT (CONT'D)

	Group	
	2020	2019
	RM'000	RM'000
Trade and other payables	170,709	149,057
Lease liabilities	6,981	6,569
Amount owing to a Director	-	8
Borrowings	1,987	2,308
Less: Cash and cash equivalents	(6,975)	(14,984)
Net debt	172,702	142,958
Equity attributable to the owners of the Company	61,459	191,810
Debts to equity	2.81	0.75

36. MATERIAL LITIGATION

- (i) Yanzhou Coal Mining Company Ltd. ("Yanzhou Coal") vs Linyi Yehua Coking Co., Ltd. ("Linyi Yehua")

On 15 July 2020, a legal suit was filed by Yanzhou Coal against Huasheng Jiangquan in which Linyi Yehua, a subsidiary of the Group classified as held for sale, was also named a party to the suit, arising from a disputed and unfulfilled transactional obligation. The obligation attributed to Yehua amounting to approximately RMB49,131,000 (equivalent to RM30,304,000) had been included in the liabilities directly associated with the disposal group held for sale as disclosed in Note 15 to the financial statements.

- (ii) Guangxi Construction Engineering Group No. 5 Construction Engineering Co., Ltd. & Guangdong Wuchuan Construction and Installation Engineering Co., Ltd. & Huizhou Aisheng Mechanical and Electrical Engineering Co., Ltd. vs Guangxi Aerospace Beidou New Energy Industry Technology Co., Ltd ("GABNEIT")

Upon completion of the acquisition of the HKAB on 14 October 2020, there were subsisting and unresolved litigation cases against its subsidiary namely GABNEIT by (i) Guangxi Construction Engineering Group No. 5 Construction Engineering Co., Ltd.; (ii) Guangdong Wuchuan Construction and Installation Engineering Co., Ltd. and (iii) Huizhou Aisheng Mechanical and Electrical Engineering Co., Ltd. of approximately RMB40,000,000 (equivalent to RM24,672,000) in relation to the construction of the building facilities of GABNEIT. The said amount is still being disputed and the case is still on-going at the date of this report.

Premised on a legal assessment of the subject matter, it is established that the above-mentioned cases could be fully extinguished by a settlement sum of approximately RMB21,532,000 (equivalent to RM13,280,000) which have been recognised under the other payables as disclosed in Note 17 to the financial statements.

37. SIGNIFICANT EVENTS

- (i) On 23 January 2020, the central government of China imposed a lockdown in Wuhan and other cities in Hubei Province in an attempt to contain the spread of the coronavirus (COVID-19) outbreak. The lockdown in Wuhan set the precedence for similar measures being imposed in other Chinese cities following the continuous spread of COVID-19. The operations of the Group's subsidiaries in China, namely Linyi Yehua Coking Co. Ltd. ("Yehua") and HKAB Group were disrupted following the lockdown and other voluntary measures to contain the spread of the virus in China. Such a prolonged Covid-19 pandemic has caused adverse impact on the business of the Group's subsidiaries in China throughout the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

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37. SIGNIFICANT EVENTS (CONT'D)

- (ii) With the developments from the COVID-19 outbreak, the Government of Malaysia announced a Restriction of Movement Control Order ("MCO") in a bid to contain a further spread of COVID-19 cases in Malaysia in 18 March 2020 and have subsequently entered into various phases of the MCO until 17 May 2021. The imposition of the MCO has resulted in disruptions of the Company's business operations and an increase in economic uncertainty. As at the date of this report, the COVID-19 pandemic is still evolving and unpredictable. The Company is actively monitoring and managing the operations of the company to minimize any impact arising from the COVID-19 pandemic.

- (iii) Termination of acquisition of HumanCapient Consulting Sdn. Bhd. ("HumanCapient")

On 23 April 2020, the Group has entered into a share purchase agreement to acquire 70% equity interest in HCSB. HCSB is principally engaged in the provision of services in the field of design, planning and implementation of Change Management programs specialising in system integration implementation projects.

However, on 2 February 2021, the Group terminated the acquisition of HCSB 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"), particularly in relation to the failure by the vendors to deliver the valid and registrable share transfer forms of the Sale Shares duly executed by the vendors in favour of the Company. The non-fulfilment of the above was precipitated by the inadvertent delayed and subsequent non-payment of the first tranche of the purchase consideration by the Company to the vendors.

With such termination, the Group would be able to re-prioritise its resources in the energy storage and digital transformation space and in companies that own patents, technologies and licences.

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 Group does not anticipate any financial losses to be incurred from the termination.

38. SUBSEQUENT EVENTS

- (a) 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 RM12,500,000 subject to the terms and conditions as stipulated in the Share Purchase Agreement.
- (b) On 24 February 2021, the Company announced that the Private Placement has been completed following the listing of and quotation for a total of 136,461,500 Placement Shares on the Main Market of Bursa Securities.
- (c) On 25 February 2021, 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.
- (d) On 26 February 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

38. SUBSEQUENT EVENTS (CONT'D)

- (e) On 21 April 2021, HK Aerospace Beidou New Energy Technology Co., Ltd. ("HKAB"), a 50% owned subsidiary of the Company had entered into a Shareholders' Agreement with Monika Mikac, Igor Pongrac, Nordin Čatić and Benjamin Božič to collaborate in developing, implementing and managing the technology surrounding electric vehicles and Low Voltage Drive System via a joint venture company to be incorporated.
- (f) On 30 April 2021, the Company announced a proposal to establish an employees' share option scheme ("ESOS") of up to 15% of the total number of issued shares of Techna-X Berhad at any point of time during the duration of the ESOS for the eligible employees as well as executive and non-executive directors of Techna-X and its subsidiaries for a period of five years and may be extended or renewed for a further period of up to five years.
- (g) Subsequent to the financial year end, the Company had issued 415,043,000 new ordinary shares via to the issuance and subsequent conversion of Redeemable Convertible Notes amounting to RM32,000,000 and private placement amounting to RM17,740,000

The new ordinary shares issued ranks pari-passu in all respect with the existing ordinary shares of the Company.

39. COMPARATIVE FIGURES

On 11 November 2020, the Company has entered into a share purchase agreement with Hua Fei Investment Limited for the proposed disposal of 50,000 ordinary shares in a wholly owned subsidiary, PIPO Overseas Limited ("PIPO Group") for a total cash consideration of RMB88,000,000 (equivalent to RM54,041,000). The disposal group was not a discontinued operation or classified as held for sale as at 31 December 2019 and hence, the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

	Financial year from 1.1.2019 to 31.12.2019	
	As restated	As previously stated
	RM'000	RM'000
Revenue	5,582	787,785
Cost of sales	(1,962)	(834,117)
Gross profit	3,620	(46,332)
Other income	971	1,298
Administration and operating expenses	(6,260)	(132,344)
Share of associate's results	(4)	(4)
Finance cost	(175)	(195)
Loss before taxation	(1,848)	(177,577)
Taxation	62	(6,172)
Loss from continuing operations	(1,786)	(183,749)
Loss from discontinued operations	(181,963)	-
Total loss for the financial year	(183,749)	(183,749)

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

	LOCATION	DESCRIPTION	TENURE	NET BOOK VALUE (RM'000)	AREA (sq. m.)	DATE OF ACQUISITION/ COMPLETION OF CONSTRUCTION
1)	Lot no. 201/23/96 Shenquan Industrial Park, Luozhuang District, Linyi City, Shandong Province, People's Republic of China	Manufacturing plant	Leasehold 29 years	6,924	319,014	4 Dec 2005
2)	Lot no. 201/026/0008 Shenquan Industrial Park, Luozhuang District, Linyi City, Shandong Province, People's Republic of China	Coal storage area	Leasehold 50 years	20,222	85,454	12 Feb 2007
3)	No. 1, Jiangnan Avenue, Longhu Town, Wanxiu District, Wuzhou City, Guangxi, People's Republic of China	Factory and office buildings	Land lease to be renewed every 3 years	6,709	33,025	31 Dec 2016
4)	C3-5-15, Subang Ville Ehsan Apartment, Jalan PJS 10/11, Bandar Sunway, 46150 Petaling Jaya, Selangor, Malaysia	Staff accommodation	Leasehold 99 years	88	79	13 Jun 2008
5)	A1-5-01, Subang Ville Ehsan Apartment, Jalan PJS 10/11, Bandar Sunway, 46150 Petaling Jaya, Selangor, Malaysia	Staff accommodation	Leasehold 99 years	81	79	24 Jun 2008

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2021

SHARE CAPITAL

Issued share capital	:	1,952,995,093
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholders	No. of Shareholders	%	No. of Shares Held	%
1 - 99	752	2.90	28,593	0.00
100 – 1,000	5,735	22.11	2,704,736	0.14
1,001 - 10,000	8,135	31.37	45,319,532	2.32
10,001 – 100,000	9,200	35.47	373,081,922	19.10
100,001 – 97,649,753	2,111	8.14	1,246,860,230	63.84
97,649,754 and above	1	0.00	285,000,080	14.59
Total	25,934	100.00	1,952,995,093	100.00

DIRECTORS' SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings)

Name of Directors	Nationality	No. of shares beneficially held			
		Direct	%	Indirect	%
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Malaysian	12,073,700	0.62	304,492,259 ⁽¹⁾	15.59
Liu Guodong	Chinese	-	-	74,000,057 ⁽²⁾	3.79
Lim See Tow	Malaysian	-	-	-	-
Zhai Baoxing	Chinese	-	-	-	-
Datuk Lim Chih Li @ Lin ZhiLi	Malaysian	-	-	-	-
Balraj Singh Pannu A/L Gajjan Singh	Malaysian	-	-	-	-

Note:-

- (1) Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.

Deemed interested by virtue of him being the father of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin.

Deemed interested by virtue of him being the spouse of Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested pursuant to Section 8 of the Companies Act 2016 ("Act") by virtue of his substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Techna-X Berhad (formerly known as Sino Hua-An International Berhad) ("TXB").

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2021

cont'd

DIRECTORS' SHAREHOLDINGS (CONT'D)

Note:- (cont'd)

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (2) *Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Libran Infinity Inc. which in turn holds shares in TXB.*

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

Name of Shareholders	Nationality	Direct	No. of shares beneficially held		
			%	Indirect	%
Rock Point Alliance Pte. Ltd.	Singapore	285,000,080	14.59	-	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Malaysian	12,073,700	0.62	304,492,259 ⁽¹⁾	15.59
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	Malaysian	1,221,500	0.06	315,342,959 ⁽²⁾	16.15
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar	Malaysian	1,166,500	0.06	315,397,959 ⁽³⁾	16.15
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	Malaysian	1,176,500	0.06	315,387,959 ⁽⁴⁾	16.15
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	Malaysian	1,154,250	0.06	315,410,209 ⁽⁵⁾	16.15
Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar	Malaysian	1,076,550	0.06	315,487,909 ⁽⁶⁾	16.15
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	Malaysian	100,200	0.01	316,465,759 ⁽⁷⁾	16.20
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	Malaysian	1,500	0.00	308,810,230 ⁽⁸⁾	15.81

Note:-

- (1) *Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.*

Deemed interested by virtue of him being the father of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin.

Deemed interested by virtue of him being the spouse of Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2021

cont'd

SUBSTANTIAL SHAREHOLDERS (CONT'D)

Note:- (cont'd)

- (2) Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tuanku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.

Deemed interested by virtue of him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (3) Deemed interested by virtue of her being the sibling of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.

Deemed interested by virtue of her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested pursuant to Section 8 of the Act by virtue of her substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (4) Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.

Deemed interested by virtue of him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested pursuant to Section 8 of the Act by virtue of his direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2021

cont'd

SUBSTANTIAL SHAREHOLDERS (CONT'D)

Note:- (cont'd)

- (5) Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.

Deemed interested by virtue of her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested pursuant to Section 8 of the Act by virtue of her substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (6) Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Irinah Binti Tuanku Ja'afar.

Deemed interested by virtue of her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested pursuant to Section 8 of the Act by virtue of her substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (7) Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar.

Deemed interested by virtue of her being the sister-in-law to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.

Deemed interested by virtue of her being the mother of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin.

Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2021

cont'd

SUBSTANTIAL SHAREHOLDERS (CONT'D)

Note:- (cont'd)

Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (8) *Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Y.M. Tunku Nurul Hayati Binti Tunku Bahador.*

Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in TXB.

Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS

NO.	NAME	NO. OF SHARES BENEFICIALLY HELD	%
1.	HLIB NOMINEES (ASING) SDN BHD ROCK POINT ALLIANCE PTE. LTD.	285,000,080	14.59
2.	M & A NOMINEE (ASING) SDN BHD MAJESTIC SALUTE SDN BHD FOR LIBRAN INFINITY INC	74,000,057	3.79
3.	M & A NOMINEE (ASING) SDN BHD MAJESTIC SALUTE SDN BHD FOR RISE BUSINESS INC	60,834,842	3.11
4.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)	44,900,000	2.30
5.	KOPERASI SENTOSA JAYA KUALA LUMPUR BERHAD	37,312,500	1.91
6.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)	32,215,850	1.65
7.	ABDULLAH ZUBAIR BIN WAN MOHD HASNI	32,215,357	1.65
8.	SAMIR BIN ABU BAKAR	32,215,357	1.65
9.	M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR NG CHEE SENG	32,187,500	1.65
10.	KENANGA NOMINEES (ASING) SDN BHD ADVANCE OPPORTUNITIES FUND	22,569,885	1.16
11.	M & A NOMINEE (ASING) SDN BHD FOR MONZ INVESTMENTS LTD	19,000,000	0.97

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2021

cont'd

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

NO.	NAME	NO. OF SHARES BENEFICIALLY HELD	%
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD SENTOSA JAYA CAPITAL SDN BHD FOR KOPERASI BELIA ISLAM MALAYSIA BERHAD	18,750,000	0.96
13.	KENANGA NOMINEES (ASING) SDN BHD ADVANCE OPPORTUNITIES FUND I	17,937,293	0.92
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROCK POINT ALLIANCE SDN.BHD.	11,486,250	0.59
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR	10,979,700	0.56
16.	KOH BOON POH	8,000,000	0.41
17.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	7,960,259	0.41
18.	LIM WOON FEI	7,000,000	0.36
19.	M & A NOMINEE (ASING) SDN BHD MAJESTIC SALUTE SDN BHD FOR ONG SING ENG	6,261,900	0.32
20.	FEROZ BIN A S MOIDUNNY	6,000,000	0.31
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW CHOON FUTT (E-TCS)	6,000,000	0.31
22.	SEE HOCK CHUAN	6,000,000	0.31
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HENG SOOI TIK	5,300,000	0.27
24.	CHAI KOON KHOW	5,241,600	0.27
25.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (HWP)	4,937,200	0.25
26.	THAM SOOK FUN	4,300,000	0.22
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MUTHUKUMAR A/L AYARPADDE (PW-M00144) (550548)	3,800,000	0.19
28.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HWEE LOONG (SECT 17 PJ-CL)	3,739,000	0.19
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SHIOU GHAY (M01)	3,560,000	0.18
30.	ANG LOO LEONG	3,550,000	0.18



TECHNA-X BERHAD
(formerly known as Sino Hua-An International Berhad)
 [Registration No. 200601012477 (732227-T)]
 (Incorporated in Malaysia)
FORM OF PROXY

CDS Account No.

Number of ordinary shares held

*I/We (full name), _____

bearing *NRIC No./Passport No./Company No. _____

of (full address) _____

being a *member/members of Techna-X Berhad *(formerly known as Sino Hua-An International Berhad)* ("**Company**") hereby appoint:-

First Proxy "A"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

*and

***Second Proxy "B"**

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

to put on a separate sheet where there are more than two (2) proxies

100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 30 June 2021 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

ORDINARY RESOLUTIONS		For	Against
1.	To approve the payment of Directors' Fees to the Non-Executive Directors for the financial year ended 31 December 2020.		
2.	To approve the payment of Directors' allowances and other benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM100,000 from 1 July 2021 until the next Annual General Meeting of the Company.		
3.	To re-elect Mr. Liu Guodong who retires pursuant to Clause 118 of the Company's Constitution.		
4.	To re-elect Mr. Zhai Baoxing who retires pursuant to Clause 118 of the Company's Constitution.		
5.	To re-appoint HLB AAC PLT <i>(formerly known as Morison AAC PLT)</i> as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
6.	Authority to Issue Shares pursuant to the Companies Act 2016.		
7.	Retention of Ms. Lim See Tow as an Independent Non-Executive Director of the Company.		

As witness my/our hand(s) this day _____ of _____, 2021.

*Signature/Common Seal of Member

* Strike out whichever not applicable

Fold this flap for sealing

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 June 2021 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.
2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.
3. As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Then fold here

Affix
Stamp

The Registrar
TECHNA-X BERHAD
(formerly known as Sino Hua-An International Berhad)
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan

1st fold here

6. Appointment of proxy and registration for remote participation and voting
The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. The Form of Proxy may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>. All resolutions set out in this notice of Meeting are to be voted by poll.
Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time.
Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting available for download at https://techna-x.com/notice/15_AGM.html for further details.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this Meeting and convening the Meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

www.techna-x.com

Techna-X Berhad 200601012477 (732227-T)
(Formerly known as SINO HUA-AN INTERNATIONAL BERHAD)

Registered Office :
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Corporate Office :
Unit 2.2, Level 2
Work@Clearwater
Jalan Changkat Semantan
Damansara Heights
50490 Kuala Lumpur