

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2020	2019	2020	2019
		CURRENT QUARTER 30/06/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2019 RM'000	CURRENT YEAR TO DATE 30/6/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2019 RM'000
Revenue	B1	16,486	15,610	32,654	33,756
Direct operating costs		(6,877)	(9,577)	(15,454)	(18,848)
Gross profit		9,609	6,033	17,200	14,908
Other income		382	791	890	1,379
Operating costs		(9,747)	(8,852)	(18,590)	(18,630)
Finance costs		(103)	(99)	(222)	(202)
Share of results of an associate		-	(98)	-	(295)
Profit/(Loss) before taxation	B2	141	(2,225)	(722)	(2,840)
Taxation	B5	(125)	(21)	(262)	(53)
Profit/(Loss) for the financial period		16	(2,246)	(984)	(2,893)
Other comprehensive income		(8)	(28)	152	(101)
Total comprehensive income for the financial period		8	(2,274)	(832)	(2,994)
Profit/(Loss) attributable to:					
Owners of the Company		105	(2,381)	(785)	(2,908)
Non-controlling interest		(89)	135	(199)	15
		16	(2,246)	(984)	(2,893)
Total comprehensive income attributable to:					
Owners of the Company		97	(2,409)	(633)	(3,009)
Non-controlling interest		(89)	135	(199)	15
		8	(2,274)	(832)	(2,994)
Weighted average number of shares in issue ('000)		712,905	712,905	712,905	712,905
(Loss)/earnings per share (sen) - basic	B10	0.01	(0.33)	(0.11)	(0.41)
- diluted	B10	0.01	(0.33)	(0.11)	(0.41)

**Note 1:**

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**CNI HOLDINGS BERHAD (198901004452)(181758-A)**  
(Incorporated in Malaysia under the Companies Act, 1965)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

Note	Unaudited AS AT 30/06/2020 RM'000	Audited AS AT 31/12/2019 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	34,653	35,385
Investment properties	2,550	2,550
Intangible asset	923	773
Other Investment	500	500
Deferred tax asset	858	873
	<u>39,484</u>	<u>40,081</u>
<b>Current Assets</b>		
Investment in preference shares	3,500	3,500
Inventories	15,042	14,175
Trade receivables	9,407	11,258
Other receivables, deposits and prepayments	2,423	2,626
Tax recoverable	167	64
Short-term investment	7,285	7,219
Cash and cash equivalents	10,241	8,569
	<u>48,065</u>	<u>47,411</u>
<b>TOTAL ASSETS</b>	<u>87,549</u>	<u>87,492</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	72,000	72,000
Treasury shares	(1,725)	(1,725)
Exchange translation reserve	24	(128)
Legal capital reserve	178	178
Accumulated Loss	(2,695)	(1,910)
<b>Total equity attributable to the Owners of the Company</b>	<u>67,782</u>	<u>68,415</u>
Non-controlling interest	1,346	1,545
<b>Total Equity</b>	<u>69,128</u>	<u>69,960</u>
<b>Non-current Liabilities</b>		
Finance lease liabilities	B7 1,430	1,311
Retirement benefits	1,971	1,944
Deferred tax liabilities	445	445
	<u>3,846</u>	<u>3,700</u>
<b>Current Liabilities</b>		
Trade payables	4,756	4,237
Other payables, deposits and accruals	8,987	8,348
Finance lease liabilities	B7 832	1,189
Tax Payable	-	58
	<u>14,575</u>	<u>13,832</u>
<b>Total Liabilities</b>	<u>18,421</u>	<u>17,532</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>87,549</u>	<u>87,492</u>
Net assets per share attributable to owners of the Company (RM)	0.10	0.10

**Note:**

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**CNI HOLDINGS BERHAD (198901004452)(181758-A)**  
(Incorporated in Malaysia under the Companies Act, 1965)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	← Attributable to the Owners of the Company →					Distributable Retained Earnings/ (Accumulated loss)	Non-Controlling interest	Total		
	← Non-distributable →			Exchange translation reserve	Share				Legal capital reserve	Treasury Shares
	Share Capital	Legal capital reserve	Treasury Shares							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Balance as of 1 January 2020</b>	72,000	178	(1,725)	(128)	(1,910)	1,545	69,960			
<b>Comprehensive income</b>										
Loss for the period	-	-	-	-	(785)	(199)	(984)			
<b>Other comprehensive income</b>										
Foreign currency translation	-	-	-	152	-	-	152			
Total comprehensive income for the period	-	-	-	152	(785)	(199)	(832)			
<b>Balance as of 30 June 2020</b>	72,000	178	(1,725)	24	(2,695)	1,346	69,128			

	← Attributable to the Owners of the Company →					Distributable Retained Earnings	Non-Controlling interest	Total		
	← Non-distributable →			Exchange translation reserve	Share Capital				Legal capital reserve	Treasury Shares
	Share Capital	Legal capital reserve	Treasury Shares							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Balance as of 1 January 2019</b>	72,000	93	(1,718)	(81)	3,300	1,689	75,283			
<b>Comprehensive income</b>										
(Loss)/Profit for the period	-	-	-	-	(2,908)	15	(2,893)			
<b>Other comprehensive income</b>										
Foreign currency translation	-	-	-	(101)	-	-	(101)			
Total comprehensive income for the period	-	-	-	(101)	(2,908)	15	(2,994)			
<b>Transactions with Owners of the Company</b>										
Purchase of treasury shares	-	-	(7)	-	-	-	(7)			
Total transactions with Owners of the Company	-	-	(7)	-	-	-	(7)			
<b>Balance as of 30 June 2019</b>	72,000	93	(1,725)	(182)	392	1,704	72,282			

**Note:**

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**CNI HOLDINGS BERHAD (198901004452)(181758-A)**  
**(Incorporated in Malaysia under the Companies Act, 1965)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	<b>6 Months Ended 30/06/2020 RM'000</b>	<b>6 Months Ended 30/06/2019 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(722)	(2,840)
Adjustment for:		
Amortisation of intangible assets	65	62
Depreciation of property, plant and equipment	1,069	1,092
Interest expenses	222	178
Interest income	(161)	(654)
Reversal of inventories written down	(9)	(10)
Provision of retirement benefit expense	27	41
Share of other comprehensive income of associate	-	295
Unrealised gain on foreign exchange currency	(243)	(91)
	<u>248</u>	<u>(1,927)</u>
Operating profit/(loss) before working capital changes		
Inventories	(876)	(191)
Receivables	1,811	774
Payables	1,158	(1,368)
	<u>2,341</u>	<u>(2,712)</u>
Cash generated from/(used in) operations		
Interest paid	(222)	(178)
Interest received	161	654
Tax paid	-	(900)
Tax refund	96	-
	<u>2,376</u>	<u>(3,136)</u>
Net cash generated from/(used in) operating activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(337)	(1,800)
Purchase of intangible assets	(215)	(252)
Withdrawal of short-term investments	(66)	3,418
Net cash (used in)/generated from investing activities	<u>(618)</u>	<u>1,366</u>
<b>Cash Flows from Financing Activities</b>		
Purchase of treasury shares	-	(7)
(Repayment)/Drawdown of finance lease liabilities	(238)	1,028
Dividend paid	-	(2,137)
	<u>(238)</u>	<u>(1,116)</u>
Net cash used in financing activities		
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>1,520</b>	<b>(2,886)</b>
<b>Foreign exchange differences</b>	<b>152</b>	<b>(101)</b>
<b>Cash and Cash Equivalents at beginning of period</b>	<b>8,569</b>	<b>10,126</b>
<b>Cash and Cash Equivalents at end of period</b>	<b><u>10,241</u></b>	<b><u>7,139</u></b>
Cash and Cash Equivalents at end of period comprise of the followings:-		
Cash and bank balances	<u>10,241</u>	<u>7,139</u>
	<u>10,241</u>	<u>7,139</u>

**Note :**

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Malaysia Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

The interim financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the Companies Act 2016 in Malaysia.

**A2. Significant Accounting Policies**

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2019.

**Effective for financial periods beginning on or after 1 January 2020**

Amendment to MFRS 3	Definition of Business
Amendment to MFRS 9, and MFRS7	Interest Rate Benchmark Reform
Amendment to MFRS 101 and MFRS 108	Definition of Material

**Amendments to References to the Conceptual Framework in MFRS Standards**

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138	Intangible Assets
Amendment to IC Interpretation 12	Service Concession Arrangements
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendment to IC Interpretation 132	Intangible Assets – Web Site Costs



**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A7. Changes in Debts and Equity Securities**

Save as disclosed below, there were no issuances, repurchases and repayment of debt and equity securities during the quarter ended 30 June 2020.

As at 30 June 2020, the number of treasury shares held was 7,357,100 CNI Shares.

**A8. Dividend Paid**

There were no dividends paid during the current quarter under review.

**A9. Segmental Reporting**

The segmental revenue and results for the financial year-to-date under review are as follows:-

	Current quarter		Year to-date	
	Revenue	Results	Revenue	Results
	30/06/2020	30/06/2020	30/06/2020	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	13,509	344	25,448	336
Manufacturing	5,936	(765)	12,669	(1,799)
Others	477	2	1,130	(110)
Inter-segment elimination	(3,436)	471	(6,593)	652
	16,486	52	32,654	(921)
Income tax		(125)		(262)
Non-controlling interests		89		199
Profit/(Loss) for the period		16		(984)

The segmental revenue and results for the preceding year's corresponding financial year-to-date are as follows:-

	Current quarter		Year to-date	
	Revenue	Results	Revenue	Results
	30/06/2019	30/06/2019	30/06/2019	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	11,347	(398)	25,068	712
Manufacturing	6,391	(1,907)	16,132	(2,280)
Others	669	142	1,372	37
Inter-segment elimination	(2,797)	(99)	(8,816)	(1,029)
	15,610	(2,262)	33,756	(2,560)
Share of results of an associate		(98)		(295)
Income tax		(21)		(53)
Non-controlling interests		(135)		15
Loss for the period		(2,246)		(2,893)

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

**A11. Changes in Contingent Assets and Contingent Liabilities**

As at the date of this announcement, there were no material changes in contingent assets and contingent liabilities of the Group since the last audited financial statements for the financial year ended 31 December 2019.

**A12. Capital Commitment**

The outstanding capital commitments as at the end of the financial period were as follows:

	<b>As at 30.06.2020 RM'000</b>
Capital expenditure approved and contracted for	317
Capital expenditure approved and not contracted for	1,734
	<u>2,051</u>

**A13. Subsequent Material Events**

Save as disclosed below, there were no material events subsequent to the current quarter up to the date of the interim financial report.

CNI Global (Malaysia) Sdn Bhd (“CNIG”), a wholly-owned subsidiary of the Company had on 1 July 2020 entered into a Share Sale Agreement (“SSA”) with the following purchasers (“Purchasers”) for the disposal of its 100% equity interest comprising 250 ordinary shares of USD100 each (“CNIM Shares”) in Creative Network International (Myanmar) Co., Ltd (“CNIM”) for a total cash consideration of USD1 only (“Disposal Consideration”) in accordance with the terms and conditions of the SSA (“Proposed Disposal”):

Purchaser	No. of CNIM Shares	Percentage of Share Capital (%)
Htang Mang Hung	225	90
Chit Phyto Naing	25	10
Total	250	100

Consequent to the Proposed Disposal, CNIM will cease to be the subsidiary of CNI.



**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A14. Related Party Transactions**

Related party transactions were summarised as follows:

	<b>Current quarter RM’000</b>	<b>Cumulative quarter RM’000</b>
<b><u>CNI Corporation Sdn Bhd</u></b>		
Management fee paid and payable	73	139
Trade purchase paid and payable	306	657
Commission receivable	4	38
<b><u>CNI Venture Sdn Bhd</u></b>		
Research and development expenditure paid and payable	32	76
<b><u>CNI IPHC</u></b>		
Trademark fee paid and payable	65	127
<b><u>Yee Kee Bing</u></b>		
Provision of consultancy and management services	40	160

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

(a) Results for current year quarter compared to corresponding quarter of the preceding year

The Group recorded revenue of RM16.49 million for the current quarter ended 30 June 2020 as compared to RM15.61 million in the previous year corresponding quarter, increased by 6%.

	<b>Current year quarter</b>	<b>Preceding Year Corresponding quarter</b>	<b>Changes %</b>	<b>Current year-to-date</b>	<b>Preceding Year Corresponding quarter</b>	<b>Changes %</b>
	<b>30/06/2020</b>	<b>30/06/2019</b>		<b>30/06/2020</b>	<b>30/06/2019</b>	
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Revenue	16,486	15,610	6%	32,654	33,756	-3%
Profit/(Loss) Before Tax	141	(2,225)	>100%	(722)	(2,840)	-75%
Profit/(Loss) After Tax	16	(2,246)	>100%	(984)	(2,893)	-66%
Profit/(Loss) Attributable to Owners of the Company	105	(2,381)	>100%	(785)	(2,908)	-73%

The revenue from the marketing and trading segment increased from RM11.35 million to RM13.51 million, an increase of 19% as compared to the previous corresponding quarter. The increase in revenue is due to higher consumer demand for the products for this market segment.

Revenue contribution from the manufacturing segment decreased from RM6.39 million to RM5.94 million, a decrease of 8% as compared to the previous corresponding quarter. This was mainly attributable to lower export sales and production control during MCO.

Revenue contribution from the other segments i.e. investment holding, retail of food and beverage businesses were RM0.48 million.

(b) Results for Current YTD 2020 vs corresponding YTD 2019

The Group's revenue for the financial period ended 30 June 2020 was RM32.65 million, 3% lower than previous financial corresponding period. This was mainly due to the COVID-19 outbreak and implementation of the Movement Control Order ("MCO") imposed by the Government.

The Group's loss after tax for the financial period ended 30 June 2020 was RM0.98 million.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B2. Material Change in Profit before Taxation (“PBT”) of Current Quarter Compared with Immediate Preceding Quarter**

The Group’s PBT for the current quarter was RM0.14 million, compared to LBT of RM0.86 million in the immediate preceding quarter, mainly due to lower operating costs.

	<b>Current quarter</b>	<b>Immediate Preceding quarter</b>	<b>Changes %</b>
	<b>30/06/2020</b>	<b>31/03/2020</b>	
	<b>RM’000</b>	<b>RM’000</b>	
Revenue	16,486	16,168	2%
Profit/(Loss) Before Tax	141	(863)	>100%

**B3. Commentary on Prospects and Targets**

The ongoing COVID-19 pandemic outbreak and the containment measures have posed an unprecedented challenge to the global economy. Malaysia has implemented the recovery movement control order (“RMCO”) on 10 June 2020 to 31 August 2020.

Despite a challenging economic situation caused by the pandemic, we do see opportunity in our direct selling business as more people looking to earn supplemental incomes and procure health care products.

We expect economic activities will take a prolonged period to normalise. In the quarters ahead (post RMCO period), we will continue our new business strategy that was adopted during the MCO, i.e. an aggressive adoption of internet technology across the board in the way we and our independent CNI Business Owners (CBOs) do the business.

**B4. Profit Forecast and Profit Guarantee**

The Group has not issued or disclosed in any public documents any profit forecast or profit guarantee for the current quarter under review.

**B5. Taxation**

The breakdown of tax charge for the current quarter and financial year-to-date were as follows:

	<b>Current quarter</b>	<b>Year-to-date</b>
	<b>RM’000</b>	<b>RM’000</b>
Taxation	125	262
	<hr/>	<hr/>

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B6. Corporate Proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at 21 August 2020 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report):

On 9 June 2020, the Board had announced that the Company intends to seek its shareholders' approval for the following proposals at the 31<sup>st</sup> Annual General Meeting of the Company.

At the 31<sup>st</sup> Annual General Meeting of the Company held on 16 July 2020, the resolutions in the respect of the following were approved by the shareholders of the Company:

- a) Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature; and
- b) Proposed Renewal of Authority for the Company to Purchase its Own Shares.

**B7. Group Borrowings and Debt Securities**

The details of the Group borrowings (denominated in Ringgit Malaysia and foreign currency) as at 30.06.2020 were as follow:

	<b>Total</b>
	<b>RM'000</b>
<u>Secured</u>	
Short-term borrowings	
Lease liabilities	832
Long-term borrowings	
Lease liabilities	1,430
	2,262

**B8. Material Litigation**

The Group is not engaged in any material litigation since the date of the last annual statement of financial position up to the date of issuance of this quarterly report.

**B9. Proposed Dividend**

There was no dividend proposed in the current quarter.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B10. Earnings per Share**

**(a) Earnings per share**

The basic earnings per share for the current quarter and financial period-to-date are computed as follow:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year to-date</b>	<b>Preceding Year Corresponding Period</b>
Profit/(Loss) attributable to the owners of the Company (RM'000)	105	(2,381)	(785)	(2,908)
Weighted average number of ordinary shares in issue ('000)	712,905	712,905	712,905	712,905
Basic (loss)/earnings per share (sen)	0.01	(0.33)	(0.11)	(0.41)

**(b) Diluted earnings per share**

There were no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period.

**B11. Profit/(Loss) for the period**

Profit/(loss) before tax is arrived at after charging/ (crediting) the following items:

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
	<b>RM'000</b>	<b>RM'000</b>
Amortisation of intangible assets	33	65
Depreciation of property, plant and equipment	531	1,069
Interest expenses	103	222
Reversal of inventories written down	-	(9)
Interest income	(74)	(161)
Provision of retirement benefit expense	14	27
Unrealised loss/(gain) on foreign exchange	55	(243)

**B12. Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 August 2020.