

CNI HOLDINGS BERHAD (198901004452)(181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2020	2019	2020	2019
		CURRENT QUARTER 31/12/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2019 RM'000	CURRENT YEAR TO DATE 31/12/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2019 RM'000
Revenue	B1	17,220	16,203	67,418	66,716
Direct operating costs		(6,485)	(6,158)	(29,761)	(33,568)
Gross profit		10,735	10,045	37,657	33,148
Other income		424	559	1,904	2,321
Operating costs		(10,420)	(10,152)	(38,300)	(39,084)
Finance costs		(182)	(156)	(508)	(488)
Share of results of an associate		34	(112)	34	(498)
Profit/(Loss) before taxation	B2	591	184	787	(4,601)
Taxation	B5	42	(344)	(331)	(590)
Profit/(Loss) for the financial period		633	(160)	456	(5,191)
Other comprehensive income		(102)	27	66	(10)
Total comprehensive income for the financial period		531	(133)	522	(5,201)
Profit/(Loss) attributable to:					
Owners of the Company		484	(283)	614	(5,206)
Non-controlling interest		149	123	(158)	15
		633	(160)	456	(5,191)
Total comprehensive income attributable to:					
Owners of the Company		337	(256)	635	(5,216)
Non-controlling interest		194	123	(113)	15
		531	(133)	522	(5,201)
Weighted average number of shares in issue ('000)		712,905	712,905	712,905	712,905
Earnings/(loss) per share (sen) - basic	B10	0.07	(0.04)	0.09	(0.73)
- diluted	B10	0.07	(0.04)	0.09	(0.73)

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 (198901004462)(181758-A)
(Incorporated in Malaysia under the Companies Act, 1965)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Unaudited	Audited
Note	AS AT 31/12/2020 RM'000	AS AT 31/12/2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	33,681	35,385
Investment properties	2,424	2,550
Intangible asset	1,003	773
Other Investment	500	500
Deferred tax asset	535	873
	38,143	40,081
Current Assets		
Investment in preference shares	3,358	3,500
Inventories	14,202	14,175
Trade receivables	7,475	11,258
Other receivables, deposits and prepayments	2,624	2,626
Tax recoverable	120	64
Short-term investment	9,256	7,219
Cash and cash equivalents	9,071	8,569
	46,106	47,411
TOTAL ASSETS	84,249	87,492
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	72,000	72,000
Treasury shares	(1,725)	(1,725)
Exchange translation reserve	1	(128)
Legal capital reserve	178	178
Accumulated Loss	(1,296)	(1,910)
Total equity attributable to the Owners of the Company	69,158	68,415
Non-controlling interest	1,387	1,545
Total Equity	70,545	69,960
Non-current Liabilities		
Lease liabilities	B7 1,217	1,311
Retirement benefits	0	1,944
Deferred tax liabilities	0	445
	1,217	3,700
Current Liabilities		
Trade payables	2,827	4,237
Other payables, deposits and accruals	8,888	8,348
Lease liabilities	B7 772	1,189
Tax Payable	0	58
	12,487	13,832
Total Liabilities	13,704	17,532
TOTAL EQUITY AND LIABILITIES	84,249	87,492
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 31 DECEMBER 2020

	← Attributable to the Owners of the Company →					Distributable Retained Earnings/ (Accumulated loss)	Non-Controlling	Total	
	← Non-distributable →			Exchange translation					
	Share Capital	Legal capital reserve	Treasury Shares						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance as of 1 January 2020	72,000	178	(1,725)	(128)	(1,910)	1,545	69,960		
Comprehensive Income									
Profit/(Loss) for the period	-	-	-	-	614	(158)	456		
Other comprehensive income									
Foreign currency translation	-	-	-	66	-	-	66		
Total comprehensive income for the period	-	-	-	66	614	(158)	522		
Transactions with Owners of the Company									
Disposal of a subsidiary company	-	-	-	63	-	-	63		
Total transactions with Owners of the Company	-	-	-	63	-	-	63		
Balance as of 31 December 2020	72,000	178	(1,725)	1	(1,296)	1,387	70,545		

	← 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						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance as of 1 January 2019	72,000	93	(1,718)	(81)	3,300	1,689	75,283		
Comprehensive Income									
(Loss)/Profit for the period	-	-	-	-	(5,206)	15	(5,191)		
Other comprehensive income									
Foreign currency translation	-	-	-	(10)	-	(21)	(31)		
Total comprehensive income for the period	-	-	-	(10)	(5,206)	(6)	(5,222)		
Transactions with Owners of the Company									
Purchase of treasury shares	-	-	(7)	-	-	-	(7)		
Reservation of legal capital reserve	-	85	-	-	-	-	85		
Dividend paid to non controlling interest	-	-	-	-	-	(142)	142		
Total transactions with Owners of the Company	-	85	(7)	-	-	(142)	220		
Balance as of 31 December 2019	72,000	178	(1,725)	(91)	(1,906)	1,541	69,997		

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, 1966)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	12 Months Ended 31/12/2020 RM'000	12 Months Ended 31/12/2019 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before tax	787	(4,601)
Adjustment for:		
Amortisation of intangible assets	135	128
Depreciation of property, plant and equipment	2,879	2,298
Interest expenses	508	468
Interest income	(305)	(988)
Inventories written down	731	103
Impairment on investment in associates	-	1,831
Provision of retirement benefit expense	-	81
Share of other comprehensive income of associate	(34)	498
Impairment on investment in preference shares	142	-
Fair value adjustment on investment properties	126	-
Loss on disposal of a subsidiary company	63	-
Unrealised gain on foreign exchange currency	206	210
	<hr/>	<hr/>
Operating profit before working capital changes	5,238	128
Inventories	(758)	(733)
Receivables	3,579	2,715
Payables	(2,614)	(1,335)
	<hr/>	<hr/>
Cash generated from operations	5,445	775
Interest paid	(508)	(468)
Interest received	305	988
Tax paid	(519)	(453)
	<hr/>	<hr/>
Net cash generated from operating activities	4,723	842
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,175)	(2,890)
Purchase of intangible assets	(365)	(443)
Withdrawal of short-term investments	(2,037)	2,461
Net cash used in investing activities	(3,577)	(872)
Cash Flows from Financing Activities		
Purchase of treasury shares	-	(7)
(Repayment)/Drawdown of lease liabilities	(510)	731
Repayment of retirement benefits	-	-
Dividend paid	(200)	(2,137)
	<hr/>	<hr/>
Net cash used in financing activities	(710)	(1,413)
Net Increase/(Decrease) in Cash and Cash Equivalents	436	(1,443)
Foreign exchange differences	66	(10)
Cash and Cash Equivalents at beginning of period	8,569	8,674
	<hr/>	<hr/>
Cash and Cash Equivalents at end of period	9,071	7,221
Cash and Cash Equivalents at end of period comprise of the followings:-		
Cash and bank balances	9,071	7,221
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	9,071	7,221

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

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Covid-19 Related Rent Concessions
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Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 7 MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A2. Significant Accounting Policies (Cont’d)

Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds Before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

Effective for financial periods beginning on or after 1 January 2023

Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
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A3. Auditors' Report

There were no audit qualifications on the annual audited financial statements of the Group for the financial year ended 31 December 2019.

A4. Seasonal or Cyclical Factors

The Group’s performance is affected by seasonal or cyclical factors on quarter-to-quarter basis; the demand may be skewed towards major festivities such as Hari Raya Puasa and Chinese New Year. This pattern is in line with the forecast and expectation of the Group.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))

Unaudited Financial Results of the Group for Fourth Quarter Ended 31 December 2020

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**A6. Material Changes in Estimates**

Save as disclosed below, there were no changes in the estimate of amounts reported in the prior interim periods of the current financial year, or in previous years, which have material effect on the current quarter under review.

A7. Changes in Debts and Equity Securities

There were no issuances, repurchases and repayment of debt and equity securities during the quarter ended 31 December 2020.

As at 31 December 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
	31/12/2020	31/12/2020	31/12/2020	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Marketing and trading	14,517	1,351	54,493	3,080
Manufacturing	7,651	37	28,166	(1,928)
Others	556	128	2,245	798
Inter-segment elimination	(5,504)	(1,074)	(17,486)	(1,005)
	17,220	442	67,418	945
Income tax		42		(331)
Non-controlling interests		149		(158)
Profit for the period		633		456

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))

Unaudited Financial Results of the Group for Fourth Quarter Ended 31 December 2020

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**A9. Segmental Reporting (Cont’d)**

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
	31/12/2019	31/12/2019	31/12/2019	31/12/2019
	RM’000	RM’000	RM’000	RM’000
Marketing and trading	12,360	(499)	51,663	436
Manufacturing	8,474	14	30,398	(3,749)
Others	700	(3,430)	2,744	(3,071)
Inter-segment elimination	(5,331)	4,088	(18,089)	2,266
	16,203	173	66,716	(4,118)
Share of results of an associate		(112)		(498)
Income tax		(344)		(590)
Non-controlling interests		123		15
Loss for the period		(160)		(5,191)

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:

	As at 31.12.2020 RM’000
Capital expenditure approved and contracted for	310
Capital expenditure approved and not contracted for	<u>1,741</u>
	<u>2,051</u>

A13. Subsequent Material Events

There were no material events subsequent to the current quarter up to the date of the interim financial report.

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

A14. Related Party Transactions

Related party transactions were summarised as follows:

	Current quarter RM'000	Cumulative quarter RM'000
<u>CNI Corporation Sdn Bhd</u>		
Management fee paid and payable	80	305
Trade purchase paid and payable	138	1,319
Commission receivable	18	56
<u>CNI Venture Sdn Bhd</u>		
Research and development expenditure paid and payable	44	168
<u>CNI IPHC</u>		
Trademark fee paid and payable	63	253
<u>Yee Kee Bing</u>		
Provision of consultancy and management services	32	225

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))

Unaudited Financial Results of the Group for Fourth Quarter Ended 31 December 2020

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 RM17.22 million for the current quarter ended 31 December 2020 as compared to RM16.20 million in the previous year corresponding quarter, increased by 6%.

	Current year quarter	Preceding Year Corresponding quarter	Changes %	Current year-to-date	Preceding Year Corresponding quarter	Changes %
	31/12/2020	31/12/2019		31/12/2020	31/12/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	17,220	16,203	6%	67,418	66,716	1%
Profit/(Loss) Before Tax	591	184	>100%	787	(4,601)	>100%
Profit/(Loss) After Tax	633	(160)	>100%	456	(5,191)	>100%
Profit/(Loss) Attributable to Owners of the Company	484	(283)	>100%	614	(5,206)	>100%

The revenue from the marketing and trading segment increased from RM12.36 million to RM14.52 million, an increase of 18% 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 RM8.47 million to RM7.65 million, a decrease of 10% as compared to the previous corresponding quarter. This was mainly attributable to lower export sales.

Revenue contribution from the other segments i.e. investment holding, retail of food and beverage businesses were RM0.56 million.

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

The Group's revenue for the financial period ended 31 December 2020 was RM67.42 million, 1% higher than previous financial corresponding period. This was mainly due to higher consumer demand for the products attributable to the COVID-19 outbreak and expansion of our distributors network.

The Group's profit after tax for the financial period ended 31 December 2020 was RM0.46 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 RM0.66 million, compared to PBT of RM0.92 million in the immediate preceding quarter, mainly due to lower operating costs.

	Current quarter	Immediate Preceding quarter	Changes %
	31/12/2020	30/09/2020	
	RM’000	RM’000	
Revenue	17,220	17,544	2%
Profit Before Tax	591	918	36%

B3. Commentary on Prospects and Targets

The ongoing COVID-19 pandemic outbreak and the containment measures have posed an unprecedented challenge to the Malaysia economy. This has impacted our manufacturing segment in 2020 and we foresee the impact to continue while the pandemic continues. The manufacturing segment will continue to be mindful of the operating cost and seek opportunities to enhance operating efficiency and growth.

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

We will leverage on the momentum build up and experience gained during the year 2020, so as to continue to strengthen on adoption of internet technology towards the new direct sales model.

We will expand into the Beauty market segment through the launch of Myraz. We are confident that this will attract a younger crowd which will complement well for our existing segment. Further strengthening the foundation and opportunity for our independent CNI Business Owners.

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:

	Current quarter	Year-to-date
	RM’000	RM’000
Taxation	42	(331)

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

B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 12 March 2021 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

B7. Group Borrowings and Debt Securities

The details of the Group borrowings (denominated in Ringgit Malaysia and foreign currency) as at 31.12.2020 were as follow:

	Total
	RM'000
Secured	
Short-term borrowings	
Lease liabilities	772
Long-term borrowings	
Lease liabilities	1,217
	1,989

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:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period
Profit/(Loss) attributable to the owners of the Company (RM'000)	484	(283)	614	(5,206)
Weighted average number of ordinary shares in issue ('000)	712,905	712,905	712,905	712,905
Basic (loss)/earnings per share (sen)	0.07	(0.04)	0.09	(0.73)

(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:

	Current Quarter RM'000	Financial Year-to-date RM'000
Amortisation of intangible assets	36	135
Depreciation of property, plant and equipment	1,303	2,879
Interest expenses	182	508
Inventories written down	203	731
Share of other comprehensive income of an associate	(34)	(34)
Impairment on investment in preference shares	142	142
Fair value adjustment on investment properties	126	126
Interest income	(79)	(305)
Unrealised loss on foreign exchange	319	206

CNI Holdings Berhad (Company No.: 198901004452 (181758-A))

Unaudited Financial Results of the Group for Fourth Quarter Ended 31 December 2020

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

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 19 March 2021.