



**CN ASIA CORPORATION BHD**

(Registration No.: 199601027090 (399442-A))

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000
Revenue	2,785	1,890	2,785	1,890
Cost of sales	(2,625)	(2,993)	(2,625)	(2,993)
Gross profit/(loss)	160	(1,103)	160	(1,103)
Selling and distribution expenses	(7)	(28)	(7)	(28)
Administrative expenses	(890)	(969)	(890)	(969)
Other operating expenses	(57)	(604)	(57)	(604)
Other income	137	245	137	245
Loss from operations before interest and tax	(657)	(2,459)	(657)	(2,459)
Finance costs	(42)	(37)	(42)	(37)
Loss before tax	(699)	(2,496)	(699)	(2,496)
Tax expense	(17)	(47)	(17)	(47)
Loss after tax for the period	(716)	(2,543)	(716)	(2,543)
Other comprehensive income, net of tax that may be reclassified subsequently to profit and loss				
Foreign currency translation differences	-	6	-	6
Total comprehensive expense for the period	(716)	(2,537)	(716)	(2,537)
Net loss for the period attributable to: -				
Owners of the Company	(716)	(2,543)	(716)	(2,543)
Non-controlling interests	-	-	-	-
	(716)	(2,543)	(716)	(2,543)
Total comprehensive expense for the period attributable to: -				
Owners of the Company	(716)	(2,537)	(716)	(2,537)
Non-controlling interests	-	-	-	-
	(716)	(2,537)	(716)	(2,537)
Loss per share (sen)				
- Basic	(1.33)	(5.09)	(1.33)	(5.09)
- Diluted	(1.33)	(5.09)	(1.33)	(5.09)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

	As At End of Current Quarter 31.03.2021 RM'000	As At Preceding Financial Year Ended 31.12.2020 RM'000
<b>ASSETS</b>		
Non-current Assets		
<i>Property, plant and equipment</i>	8,452	9,084
<i>Right-of-use asset</i>	693	792
<i>Other investment</i>	-	-
	9,145	9,876
Current Assets		
<i>Inventories</i>	4,792	5,328
<i>Trade and other receivables</i>	15,856	3,222
<i>Contract assets</i>	667	1,152
<i>Current tax asset</i>	6	6
<i>Cash and cash equivalents</i>	14,662	28,416
	35,983	38,124
<b>TOTAL ASSETS</b>	<b>45,128</b>	<b>48,000</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
<i>Share capital</i>	42,097	42,097
<i>Reserves</i>	(3,068)	(2,352)
Shareholders' Equity	39,029	39,745
Liabilities		
Non-current Liability		
<i>Lease liabilities</i>	290	479
	290	479
Current Liabilities		
<i>Trade and other payables</i>	1,497	2,517
<i>Contract liabilities</i>	1,378	1,310
<i>Lease liability</i>	393	452
<i>Short-term borrowings</i>	2,511	3,449
<i>Current tax liabilities</i>	30	48
	5,809	7,776
<b>TOTAL LIABILITIES</b>	<b>6,099</b>	<b>8,255</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45,128</b>	<b>48,000</b>
Net Assets Per Share (RM)	0.73	0.76

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2021**

	← 3 Months Ended →	
	31.03.2021	31.03.2020
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Loss Before Tax	(699)	(2,496)
Adjustments For:-		
Allowance for impairment of receivables	-	595
Depreciation of property, plant and equipment	391	162
Depreciation of right-of-use asset	99	90
Gain on foreign exchange - Unrealised	-	(2)
Interest expenses	42	37
Loss on disposal of property, plant and equipment	57	-
Interest income	(81)	(237)
Reversal of allowance for impairment of receivables	(55)	-
	453	645
Operating Loss Before Working Capital Changes	(246)	(1,851)
Changes In Working Capital		
Inventories	536	480
Receivables	(12,091)	(440)
Payables	(952)	91
Cash Used In Operations	(12,753)	(1,720)
Interest paid	(42)	(37)
Tax Paid	(35)	(38)
Net Cash Used In Operating Activities	(12,830)	(1,795)
<b>Cash Flows From Investing Activities</b>		
Interest received	81	237
Capital work-in-progress incurred	(69)	-
Proceeds from disposal of property, plant and equipment	268	-
Purchase of property, plant and equipment	(18)	-
Net Cash Generated From Investing Activities	262	237
<b>Cash Flows From Financing Activities</b>		
Placement of pledged deposits	(64)	-
Net repayments of bankers' acceptance	(260)	(495)
Net repayments of lease liabilities	(247)	(132)
Net Cash Used In Financing Activities	(571)	(627)
Net Decrease In Cash And Cash Equivalents	(13,139)	(2,185)
Cash And Cash Equivalents At Beginning Of The Financial Year	13,969	16,274
Cash And Cash Equivalents At End Of The Financial Period	830	14,089
Cash and cash equivalents at end of the financial period comprise:		
Cash and cash equivalents	14,662	27,250
Bank overdrafts	(1,904)	(2,661)
	12,758	24,589
Less: Deposits pledged as security for banking facilities	(11,928)	(10,500)
	830	14,089

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2021**

	-----Attributable to owners of the Company-----			TOTAL EQUITY RM'000
	Non-distributable	Distributable		
	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS/ ACCUMULATED LOSSES RM'000	
<b>Current financial period ended 31 March 2021</b>				
At 1 January 2021	42,097	-	(2,352)	39,745
Movement during the period (cumulative)				
Total comprehensive expense for the period				
- Loss for the period	-	-	(716)	(716)
At 31 March 2021	<u>42,097</u>	<u>-</u>	<u>(3,068)</u>	<u>39,029</u>
<b>Preceding financial period ended 31 March 2020</b>				
At 1 January 2020	40,200	228	2,803	43,231
Movement during the period (cumulative)				
- Loss for the period	-	-	(2,543)	(2,543)
Other comprehensive income				
- Foreign currency translation difference	-	6	-	6
Total comprehensive income for the period	-	6	(2,543)	(2,537)
At 31 March 2020	<u>40,200</u>	<u>234</u>	<u>260</u>	<u>40,694</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

## **Notes To The Condensed Consolidated Interim Financial Statements**

### **For The First Financial Quarter Ended 31 March 2021**

#### **Part A: Explanatory Notes Pursuant To MFRS 134**

##### **A1. Corporate information**

CN ASIA CORPORATION BHD is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

##### **A2. Basis of preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

The significant accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements of the Group for the financial year ended 31 December 2020 except for the adoption of the following MFRSs and Amendments to MFRSs that are applicable to the Group effective 1 January 2021:-

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations do not have any material impact to the Group’s financial statements.

##### **A3. Auditors’ report on preceding annual financial statements**

The auditor’s report of the Group’s annual audited financial statements of the preceding financial year was not subject to any qualification.

##### **A4. Seasonal and cyclical factors**

The business operations of the Group were not significantly affected by any seasonal and cyclical factors in the current quarter and financial year-to-date.

##### **A5. Items of an unusual nature**

There was no item affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size or incidence.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)**

**A6. Material changes in estimates**

There were no changes in estimates reported in prior interim periods of the current financial year or prior financial year, which have a material effect in the current interim period except for the changes in the recognition of depreciation to straight line basis and estimated useful lives of the property, plant and equipment of the Group with effect from 1 July 2020. The effect of these changes on depreciation expense, included in the income statements are as follow: -

	Corresponding Quarter			Cumulative Quarter		
	3 Months Ended	3 Months Ended	Variance	3 Months Ended	3 Months Ended	Variance
	31.03.2021 RM'000	31.03.2020 RM'000	RM'000	31.03.2021 RM'000	31.03.2020 RM'000	RM'000
Depreciation expenses	391	162	229	391	162	229

**A7. Changes in debts and equity securities**

There were no issuances, cancellation, repurchase, resale and repayments of debts and equity securities for the current financial year-to-date.

**A8. Dividend paid**

There was no dividend paid during the financial year-to-date.

**A9. Operating Segments**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as the chief operating decision makers in order to allocate resources to segments and to assess performance of the Group. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:

- (a) Manufacturing  
Manufacture tanks and related products, engineering and fabrication works.
- (b) Investment  
Investment holdings and comprise companies providing management services and dormant companies.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)**

*Operating Segments (Cont'd)*

Business segments

	<b>Manufacturing RM'000</b>	<b>Investment RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>				
External revenue	2,785	-	-	2,785
Inter-segment revenue	-	15	(15)	-
Total revenue	<u>2,785</u>	<u>15</u>	<u>(15)</u>	<u>2,785</u>
<b>Results</b>				
Segment results	(595)	(143)	-	(738)
Finance costs	(42)	-	-	(42)
Interest income	70	11	-	81
Loss before tax	<u>(567)</u>	<u>(132)</u>	<u>-</u>	<u>(699)</u>
Tax expense	(17)	-	-	(17)
Loss after tax	<u>(584)</u>	<u>(132)</u>	<u>-</u>	<u>(716)</u>
<b>Assets</b>				
Segment assets	<u>40,435</u>	<u>4,693</u>	<u>-</u>	<u>45,128</u>
<b>Liabilities</b>				
Segment liabilities	<u>5,827</u>	<u>272</u>	<u>-</u>	<u>6,099</u>
<b>Included in the measure of segment assets</b>				
Depreciation	<u>491</u>	<u>(1)</u>	<u>-</u>	<u>490</u>

Geographical information

The operating segment by geographical information is not applicable as the Group has disposed its entire shareholdings in the foreign subsidiary incorporated in People's Republic of China during the financial year-to-date.

**A10. Trade and other receivables**

	<b>Current Quarter Ended 31.03.2021 RM'000</b>	<b>Financial Year Ended 31.12.2020 RM'000</b>
Trade receivables		
Non-related parties	2,402	2,368
Less: Allowance for impairment of receivables	(510)	(808)
	<u>1,892</u>	<u>1,560</u>
Other receivables, deposits and prepayments	13,964	1,662
Total trade and other receivables	<u>15,856</u>	<u>3,222</u>



**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)**

*Trade and other receivables (Cont'd)*

The trade receivables of the Group, net of allowance for impairment, as at the end of the current quarter amounted to RM1.9 million can be analysed as follows: -

	Credit Period				Total
	Within	Exceeding			
	Not past due, not impaired	1 to 30 days past due, not impaired	31 to 60 days past due, not impaired	> 60 days past due, not impaired	
Trade receivables (RM'000)	1,383	509	-	-	1,892
% of total trade receivables (%)	73	27	-	-	100

The Group's normal trade credit term granted to its customers ranges from 30 to 90 days. The trade receivables, net of allowance for impairment for the current financial quarter ended 31 March 2021 are all within the credit term and RM1.0 million or 52% of these receivables has been collected as at the date of this report.

**A11. Material subsequent events**

There was no material event subsequent to the end of the current quarter reported, up to 6 May 2021, being the latest practicable date ("LPD") which is not earlier than seven (7) days from the date of issuance of this quarterly report, that has not been reflected in the financial statements for the period, except as disclosed in Note B6(c) of PART B of this report.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

**A13. Changes in contingent liabilities**

	Current Quarter Ended 31.03.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
<b>Secured</b>		
Bankers' guarantee issued in favour of third parties	1,419	813

**A14. Capital commitments**

There was no capital expenditure approved and contracted for in the current quarter and the financial year-to-date other than the acquisition of a parcel of vacant land for a cash consideration of RM4.0 million pursuant to the Proposed Acquisition as disclosed in Note B6(c) of PART B of this report.

**A15. Significant related party transactions**

There were no significant transactions entered into between the Group and other related parties during the current quarter under review.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities**

**B1. Performance review**

	Individual Quarter				Cumulative Quarter			
	3 Months	3 Months	Variance		3 Months	3 Months	Variance	
	Ended	Ended	Amount	%	Ended	Ended	Amount	%
	31.03.2021	31.03.2020	RM'000		31.03.2021	31.03.2020	RM'000	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	2,785	1,890	895	47	2,785	1,890	895	47
Loss before interest and tax	(657)	(2,459)	1,802	73	(657)	(2,459)	1,802	73
Loss before tax	(699)	(2,496)	1,797	72	(699)	(2,496)	1,797	72
Loss after tax	(716)	(2,543)	1,827	72	(716)	(2,543)	1,827	72
Loss attributable to owners of the Company	(716)	(2,543)	1,827	72	(716)	(2,543)	1,827	72

The Group recorded revenue of RM2.8 million for the current quarter, representing an increase of 47% against the corresponding quarter ended 31 March 2020. The increased revenue had led to an improved position to the Group's results during the current quarter. Accordingly, the Group recorded a loss before tax of RM0.7 million for the current quarter against a loss before tax of RM2.5 million reported in the preceding year's corresponding quarter.

**B2. Comments on results against the immediate preceding quarter**

	3 Months	3 Months	Variance	
	Current	Preceding	Amount	%
	Quarter	Quarter	Amount	%
	31.03.2021	31.12.2020	RM'000	
	RM'000	RM'000	RM'000	%
Revenue	2,785	3,321	(536)	(16)
Loss before interest and tax	(657)	(701)	44	6
Loss before tax	(699)	(727)	28	4
Loss after tax	(716)	(1,459)	743	51
Loss attributable to owners of the Company	(716)	(1,459)	743	51

The Group's revenue for the current quarter of RM2.8 million was 16% lower than the immediate preceding quarter of RM3.3 million. Despite of a lower revenue recorded during the quarter, there has been no material fluctuation to the Group's loss before tax during the quarter compared to the immediate preceding quarter of RM0.7 million.

**B3. Commentary of prospects**

The Directors expect the continued uncertainty in the global economic situation caused by the Covid-19 pandemic coupled with volatility of the foreign currency exchange and the oil price environment will continue to pose challenges to the Group. The Group will remain cautious and constantly monitor the situation by taking appropriate safety measures to safeguard the health and well-being of its employees.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)**

*Commentary of prospects (Cont'd)*

The Board is of the view that business conditions remain vigilant in view of the resurgence Covid-19 infections and the increasing steel material pricing. Nonetheless, the Group will continue to strive to deliver revenue from local and export markets, as well as seek new business opportunities to grow its order book and implement key initiatives to optimise its operating costs.

Barring further unforeseen circumstances, the Group expects its overall performance for the financial year ending 31 December 2021 remain challenging.

**B4. Profit forecast or profit guarantee**

Not applicable as no profit forecast was announced or disclosed in any public document.

**B5. Tax expense**

	Individual Quarter		Cumulative Quarter	
	3 Months	3 Months	3 Months	3 Months
	Ended	Ended	Ended	Ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Income tax - Current year	17	47	17	47

The tax for the current quarter was in respect of tax provided on interest revenue earned from placement of fixed deposits. The Group's effective tax rate for the quarter was lower than the statutory tax rate mainly due to utilisation of previously unrecognised deferred tax assets.

**B6. Status of corporate proposals**

Except for the following disclosures, there were no corporate proposals that has been announced by the Company and not yet completed as at the date of this quarterly report.

(a) Proposed Disposals

The status of utilisation of proceeds from the Proposed Disposals of RM36,682,500 as at the LPD is as follows: -

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation* RM'000	Balance unutilised		Time frame for utilisation from 7 December 2016	
				RM'000	%	Intended	Extended
Real property gains tax	1,100	(1,700)	600	-	-	2 months	-
Repayment of bank borrowings	11,786	(11,786)	-	-	-	3 months	-
Relocation and construction costs	6,000	(263)	-	5,737	96	36 months	72 months
Pledge to secure banking facilities	5,000	(5,000)	-	-	-	12 months	-
Working capital	11,797	(11,125)	(672)	-	-	12 months	-
To defray estimated expenses	1,000	(1,072)	72	-	-	1 month	-
	36,683	(30,946)	-	5,737			

\* The excess expenses on the Disposals are reallocated from working capital.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)**

*Status of corporate proposals (Cont'd)*

(b) Proposed Private Placement

The status of the utilisation of proceeds from the Private Placement, completed in 2019, of RM1,815,280 as at the LPD is as follows: -

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation* RM'000	Balance unutilised		Time frame for utilisation from 9 May 2019	
				RM'000	%	Intended	Extended
Overhaul of machinery	1,665	(178)	66	1,553	-	9 months	31 months
Estimated expenses in relation to the Private Placement	150	(84)	(66)	-	-	1 month	-
	<u>1,815</u>	<u>(262)</u>	<u>-</u>	<u>1,553</u>			

\* The balance unutilised on estimated expenses is reallocated to overhaul of machinery.

(c) Proposed Acquisition

On 20 January 2020, the Company's wholly-owned subsidiary, namely Chip Ngai Engineering Works Sdn Bhd, had entered into a sale and purchase agreement for the acquisition of a parcel of vacant land measuring approximately 10,614.22 sqm (114,250 sq ft) held under H.S.(M) 23504, Lot 5856, locality of Sungai Labu, Mukim of Tanjung Dua Belas, District of Kuala Langat, State of Selangor Darul Ehsan with Twinstar Acres Sdn Bhd ("TASB") ("SPA") for a cash consideration of RM4.0 million ("Proposed Acquisition").

As at the LPD, all Conditions Precedent had been fully complied in accordance to the SPA.

The necessary announcement in relation to the Proposed Acquisition will be made in due course.

(d) Memorandum of Understanding ("MOU")

On 7 January 2021, the Board announced that the Company had on even date entered into a Memorandum of Understanding ("MOU") with Intcys Sdn Bhd to form a digital banking business consortium catering to the women market.

Pursuant to the MOU, the parties agreed to co-operate to understand the Malaysian cloud market landscape and customer needs and requirements to jointly develop market plans and strategies in relation to the business to be undertaken by the parties.

Aa at the LPD, the parties are in the midst of developing a feasible business model and proposal in relation to the MOU.

The necessary announcement in relation to the MOU will be made in due course.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)**

*Status of corporate proposals (Cont'd)*

(e) Proposed Multiple Proposals

On 23 February 2021, the Company announced multiple proposals comprising the following:-

- (i) Proposed private placement of up to 10% of the total number of issued shares of the Company (“CN Asia Shares” or “Shares”) to third party investor(s) (“Proposed Private Placement”);
- (ii) proposed bonus issue of up to 30,201,985 new CN Asia warrants (“Warrants”) on the basis of 1 Warrant for every 2 existing CN Asia Shares held by entitled registered holders of the Shares (“Proposed Bonus Issue of Warrants”); and
- (iii) proposed establishment of a share issuance scheme (“SIS”) of up to 15% of the total number of issued shares (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries (“CN Asia Group” or the “Group”) (“Proposed SIS”).

On 18 March 2021, Bursa Securities approved the Multiples Proposals. A circular to shareholders in relation to the Proposed Bonus Issue of Warrants and Proposed SIS were released on 12 April 2021 together with the Notice of Extraordinary General Meeting (“EGM”) to be convened on 11 May 2021.

On 28 April 2021, the Board resolved to fix the issue price at RM1.2987 per Placement Share in relation to the Proposed Private Placement. The Issue Price represents a discount of approximately 9.99% to the 5-day VWAP of CN Asia Shares up to and including 27 April 2021 of RM1.4429, being the last market day immediately preceding the Price-fixing Date.

On 5 May 2021, the Company announced that the Proposed Private Placement has been completed following the listing of and quotation for 5,491,200 Placement Shares on the Main Market of Bursa Securities on 5 May 2021.

The status of the utilisation of proceeds from the Private Placement, which was completed on 5 May 2021, of RM7,131,421 as at the LPD is as follows: -

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance unutilised RM'000</b>	<b>%</b>	<b>Time frame for utilisation Intended</b>
Purchase of raw material	6,000	-	6,000	100	12 months
Working capital	631	-	631	100	12 months
Estimated expenses	500	407	93	19	Immediate
	<u>7,131</u>	<u>407</u>	<u>6,724</u>		

The necessary announcement in relation to the Proposed Bonus Issue of Warrants and Proposed SIS will be made in due course.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)**

*Status of corporate proposals (Cont'd)*

(f) Proposed Bonus Issue of Shares

On 14 April 2021 and 19 April 2021, the Board announced that the Company proposes to undertake the bonus issue of up to 90,605,955 new ordinary shares in the Company (“CN Asia Share” or “Share”) (“Bonus Shares”) on the basis of 3 Bonus Shares for every 2 existing CN Asia Shares held on an entitlement date to be determined later (“Proposed Bonus Issue of Shares”).

On 22 April 2021, Bursa Securities approved the Proposed Bonus Issue of Shares. A circular to shareholders in relation to the Proposed Bonus Issue of Shares were released on 26 April 2021 together with the Notice of EGM to be convened on 11 May 2021.

The necessary announcement in relation to the Proposed Bonus Issue of Shares will be made in due course.

**B7. Group borrowings**

	<b>Current Quarter Ended 31.03.2021 RM'000</b>	<b>Financial Year Ended 31.12.2020 RM'000</b>
<u>SECURED</u>		
Short term		
Bank overdraft	1,904	2,582
Bankers' acceptance	607	867
	<hr/> 2,511	<hr/> 3,449
Lease liabilities	393	452
	<hr/> 2,904	<hr/> 3,901
Long term		
Lease liabilities	290	479
Total Borrowings	<hr/> 3,194	<hr/> 4,380

There were no foreign currency borrowings included in the above balances.

**B8. Material litigation**

There was no pending material litigation against the Group at the date of this report.

**B9. Dividend**

There was no interim dividend declared during the current quarter and financial year-to-date.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The First Financial Quarter Ended 31 March 2021 (Cont'd)**

**Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)**

**B10. Loss per share**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000
Loss after tax for the period	(716)	(2,543)	(716)	(2,543)
Weighted average number of ordinary shares in issue ('000)	53,665	49,921	53,665	49,921
(Loss)/Earnings per share (sen)				
- Basic	(1.33)	(5.09)	(1.33)	(5.09)
- Diluted	(1.33)	(5.09)	(1.33)	(5.09)

**B11. Additional disclosure on loss before tax**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000	3 Months Ended 31.03.2021 RM'000	3 Months Ended 31.03.2020 RM'000
Loss before tax is derived after charging/(crediting) the following: -				
Allowance for impairment of receivables	-	595	-	595
Depreciation of property, plant and equipment	391	162	391	162
Depreciation of right-of-use asset	99	90	99	90
Interest expenses	42	37	42	37
Loss on disposal of property, plant and equipment	57	-	57	-
Interest income	(81)	(237)	(81)	(237)
(Gain)/Loss on foreign exchange				
- Unrealised	-	(2)	-	(2)
- Realised	(1)	6	(1)	6
Reversal of allowance for impairment of receivables	(55)	-	(55)	-

**B12. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 May 2021.

**BY ORDER OF THE BOARD**

**LIM PAIK GOOT (MIA 13304) (SSM PC No. 202008001525)**  
**WONG CHOOI FUN (MAICSA 7027549) (SSM PC No. 201908002976)**  
**GOH CHOOI WOAN (MAICSA 7056110) (SSM PC No. 201908000145)**  
Company Secretaries  
Selangor, 17 May 2021