



CN ASIA CORPORATION BHD

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Revenue	3,975	3,321	11,657	14,718
Cost of sales	(3,848)	(2,551)	(11,446)	(14,552)
Gross profit	127	770	211	166
Selling and distribution expenses	(9)	(56)	(26)	(119)
Administrative expenses	(760)	(1,179)	(3,456)	(3,947)
Other operating expenses	(74)	(391)	(146)	(984)
Other income	35	155	326	884
Loss from operations before interest and tax	(681)	(701)	(3,091)	(4,040)
Finance costs	(93)	(26)	(227)	(187)
Loss before tax	(774)	(727)	(3,318)	(4,227)
Tax expense	(17)	(732)	120	(876)
Loss after tax for the period	(791)	(1,459)	(3,198)	(5,103)
Other comprehensive (expense)/income, net of tax that may be reclassified subsequently to profit and loss	-	-	-	-
Total comprehensive expense for the period	(791)	(1,459)	(3,198)	(5,103)
Net loss for the period attributable to: -				
Owners of the Company	(791)	(1,459)	(3,198)	(5,103)
Non-controlling interests	-	-	-	-
	(791)	(1,459)	(3,198)	(5,103)
Total comprehensive expense for the period attributable to: -				
Owners of the Company	(791)	(1,459)	(3,198)	(5,103)
Non-controlling interests	-	-	-	-
	(791)	(1,459)	(3,198)	(5,103)
Loss per share (sen)				
- Basic	(0.67)	(2.78)	(2.73)	(9.74)
- Diluted	(0.54)	(2.78)	(2.17)	(9.74)

(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 DECEMBER
2021**

	As At Current Financial Year Ended 31.12.2021 RM'000	As At Preceding Financial Year Ended 31.12.2020 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant and equipment</i>	24,632	9,084
<i>Right-of-use asset</i>	1,060	792
<i>Goodwill on consolidation</i>	160	-
	<u>25,852</u>	<u>9,876</u>
Current Assets		
<i>Inventories</i>	3,647	5,328
<i>Trade and other receivables</i>	17,767	3,222
<i>Contract assets</i>	195	1,152
<i>Current tax asset</i>	159	6
<i>Cash and cash equivalents</i>	16,523	28,416
	<u>38,291</u>	<u>38,124</u>
TOTAL ASSETS	<u><u>64,143</u></u>	<u><u>48,000</u></u>
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	60,765	42,098
<i>Reserves</i>	(6,252)	(2,352)
Shareholders' Equity	<u>54,513</u>	<u>39,746</u>
Liabilities		
Non-current Liability		
<i>Lease liabilities</i>	755	479
<i>Term loan</i>	3,227	-
	<u>3,982</u>	<u>479</u>
Current Liabilities		
<i>Trade and other payables</i>	2,004	2,517
<i>Contract liabilities</i>	786	1,310
<i>Short-term borrowings</i>	2,372	3,449
<i>Lease liabilities</i>	350	451
<i>Term loan</i>	123	-
<i>Current tax liabilities</i>	13	48
	<u>5,648</u>	<u>7,775</u>
TOTAL LIABILITIES	<u>9,630</u>	<u>8,254</u>
TOTAL EQUITY AND LIABILITIES	<u><u>64,143</u></u>	<u><u>48,000</u></u>
Net Assets Per Share (RM)	<u><u>0.47</u></u>	<u><u>0.76</u></u>

(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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

	← 12 Months Ended →	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss Before Tax	(3,318)	(4,227)
Adjustments For:-		
Allowance for impairment of receivables	70	565
Amortisation of leasehold land and improvements	26	-
Bad debts written off	-	243
Depreciation of property, plant and equipment	1,567	1,333
Depreciation of right-of-use asset	416	313
Loss on disposal of property, plant and equipment	59	-
(Loss)/Gain on foreign exchange - Unrealised	(14)	32
Gain on disposal of subsidiary	-	(11)
Reversal of impairment of trade receivable	(55)	-
Interest expenses	227	187
Interest income	(250)	(827)
	2,046	1,835
Operating Loss Before Working Capital Changes	(1,272)	(2,392)
Changes In Working Capital		
Inventories	1,681	(1,243)
Receivables	(13,594)	350
Payables	(1,030)	1,550
Cash Used In Operations	(14,215)	(1,735)
Interest paid	(227)	(187)
Tax Paid	(68)	(215)
Net Cash Used In Operating Activities	(14,510)	(2,137)
Cash Flows From Investing Activities		
Acquisition of subsidiary	(160)	-
Interest received	250	827
Capital work-in-progress incurred	(13,100)	(50)
Proceeds from disposal of subsidiary	-	28
Proceeds from disposal of property, plant and equipment	268	-
Purchase of property, plant and equipment	(4,369)	(35)
Net Cash (Used In) / Generated From Investing Activities	(17,111)	770
Cash Flows From Financing Activities		
Drawdown of term loan	3,400	-
Placement of pledged fixed deposit	(202)	(1,364)
Net proceeds from issuance of shares	17,965	1,846
Net (repayments) / proceeds of bankers' acceptance	663	(911)
Net repayments of lease liabilities	(509)	(509)
Net repayment of term loan	(50)	-
Net Cash Generated From Financing Activities	21,267	(938)
Net (Decrease)/Increase In Cash And Cash Equivalents	(10,354)	(2,305)
Cash And Cash Equivalents At Beginning Of The Financial Year	13,969	16,274
Cash And Cash Equivalents At End Of The Financial Period	3,615	13,969
Cash and cash equivalents at end of the financial period comprise:		
Cash and cash equivalents	16,523	28,415
Bank overdrafts	(842)	(2,582)
	15,681	25,833
Less: Deposits pledged as security for banking facilities	(12,066)	(11,864)
	3,615	13,969

(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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

	-----Attributable to owners of the Company-----			
	Non-distributable	Distributable		
	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS/ ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Current financial year ended 31 December 2021				
At 1 January 2021	42,098	-	(2,352)	39,746
Movement during the year (cumulative)				
- Loss for the year	-	-	(3,198)	(3,198)
Share issuance expenses	-	-	(702)	(702)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(3,900)	(3,900)
Private Placement	18,667	-	-	18,667
At 31 December 2021	<u>60,765</u>	<u>-</u>	<u>(6,252)</u>	<u>54,513</u>
Preceding financial year ended 31 December 2020				
At 1 January 2020	40,201	228	2,802	43,231
Movement during the year (cumulative)				
- Loss for the year	-	-	(5,103)	(5,103)
Share issuance expenses	-	-	(51)	(51)
Other comprehensive income				
- Disposal of foreign investment	-	(228)	-	(228)
Total comprehensive income / (expense) for the year	-	(228)	(5,154)	(5,382)
Private Placement	1,897	-	-	1,897
At 31 December 2020	<u>42,098</u>	<u>-</u>	<u>(2,352)</u>	<u>39,746</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 Fourth Financial Quarter Ended 31 December 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 were no item affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size or incidence except for the reimplementation of the Movement Control Order (“MCO”) since 6 May 2021 which had affected the Group’s equity and net income during the preceding quarters ended 30 June 2021 and 30 September 2021.

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.

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

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

A7. Changes in debts and equity securities

There were no other issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the current financial year-to-date up to the date of this report, except for the issuance of 123,807,140 new ordinary shares pursuant to the Proposed Bonus Issue and Proposed Private Placement undertaken and completed during 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) Financial services
Providing moneylending services.
- (c) Investment
Investment holdings comprise of companies providing management services.

Business segments

	Manufacturing	Financial	Investment	Elimination	Consolidated
	RM'000	Services	RM'000	RM'000	RM'000
		RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	11,479	178	-	-	11,657
Inter-segment revenue	-	-	60	(60)	-
Total revenue	<u>11,479</u>	<u>178</u>	<u>60</u>	<u>(60)</u>	<u>11,657</u>
Results					
Segment results	(2,969)	170	(542)	-	(3,341)
Finance costs	(227)	-	-	-	(227)
Interest income	207	-	43	-	250
Loss before tax	<u>(2,989)</u>	<u>170</u>	<u>(499)</u>	<u>-</u>	<u>(3,318)</u>
Tax expense	120	-	-	-	120
Loss after tax	<u>(2,869)</u>	<u>170</u>	<u>(499)</u>	<u>-</u>	<u>(3,198)</u>
Assets					
Segment assets	<u>43,656</u>	<u>16,166</u>	<u>4,321</u>	<u>-</u>	<u>64,143</u>
Liabilities					
Segment liabilities	<u>9,582</u>	<u>6</u>	<u>42</u>	<u>-</u>	<u>9,630</u>

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

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

Operating Segments (Cont'd)

Business segments (Cont'd)

	Manufacturing RM'000	Financial Services RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
Included in the measure of segment assets					
Capital expenditure	17,469	-	-	-	17,469
Depreciation and amortisation	2,013	-	(4)	-	2,009

Geographical information

Not applicable.

A10. Trade and other receivables

	Financial Year Ended 31.12.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
Trade receivables		
Non-related parties	1,817	2,368
Less: Allowance for impairment of receivables	(580)	(808)
	<u>1,237</u>	<u>1,560</u>
Financing Receivables	14,000	-
	<u>15,237</u>	<u>1,560</u>
Other receivables, deposits and prepayments	2,530	1,662
Total trade and other receivables	<u>17,767</u>	<u>3,222</u>

The trade receivables of the Group, net of allowance for impairment, as at the end of the current quarter amounted to RM1.3 million can be analysed as follows: -

	----- Credit Period -----				Total
	----- Within Not past due, not impaired	----- 1 to 30 days past due, not impaired	----- 31 to 60 days past due, not impaired	----- Exceeding > 60 days past due, not impaired	
Trade receivables (RM'000)	602	161	233	241	1,237
% of total trade receivables (%)	49	13	19	19	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 December 2021, that are past due for more than 60 days amount to RM0.2 million, representing approximately 19% of the total trade receivables of the Group. These receivables are creditworthy receivables and the Group maintains good business relationship with on-going business transactions with these customers. Given the credit exposure of the Group's portfolio of trade receivables, an allowance for impairment of approximately RM70,000 has been made in the current quarter. As at the date of this report, RM0.4 million or 35% of the Group's total receivables as at 31 December 2021 has been collected.

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

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

A11. Material subsequent events

There was no material event subsequent to the end of the current quarter reported, up to 16 February 2022, 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 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, except for the acquisition of 100% equity interest, representing 100 ordinary shares in Southborn Capital Sdn Bhd, for a cash consideration of RM160,000 on 15 April 2021.

A13. Changes in contingent liabilities

	Financial Year Ended 31.12.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
<u>Secured</u>		
Bankers' guarantee issued in favour of third parties	727	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 following:-

In respect of construction of new factory	RM'000 2,050
---	------------------------

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.

A16. Share Issuance Scheme (“SIS”)

The Company has implemented a SIS scheme to attract and retain qualified and experienced employees. The scheme was approved by the shareholders at the Annual General Meeting held on 11 May 2021 and came into effect on 15 June 2021. The SIS shall be in force for a period of five (5) years until 14 June 2026.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fourth Financial Quarter Ended 31 December 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 Ended	3 Months Ended	Variance		12 Months Ended	12 Months Ended	Variance	
	31.12.2021 RM'000	31.12.2020 RM'000	Amount RM'000	%	31.12.2021 RM'000	31.12.2020 RM'000	Amount RM'000	%
Revenue	3,975	3,321	654	20	11,657	14,718	(3,061)	(21)
Loss before interest and tax	(681)	(701)	20	3	(3,091)	(4,040)	949	23
Loss before tax	(774)	(727)	(47)	(6)	(3,318)	(4,227)	909	22
Loss after tax	(791)	(1,459)	668	46	(3,198)	(5,103)	1,905	37
Loss attributable to owners of the Company	(791)	(1,459)	668	46	(3,198)	(5,103)	1,905	37

The Group recorded a revenue of RM4.0 million for the current quarter, representing an increase of RM0.7 million or 20% against the corresponding quarter ended 31 December 2020. Revenue from the manufacturing segment recorded an increase of RM0.5 million compared to the corresponding period and revenue from the financial services segment contributed RM0.2 million in the current quarter. The higher revenue reported in the manufacturing segment was attributable to the resumed activities in September 2021, after the Movement Control Order (“MCO”), from road tankers and storage tanks. Despite the increase in revenue, a loss before tax (“LBT”) of RM0.8 million was reported in the current quarter against a LBT of RM0.7 million in the corresponding quarter. This was mainly attributable to the lower profit margin reported in the current quarter caused by higher material and project costs as a result of disruption from the on-going stringent COVID-19 SOPs.

For the current financial year-to-date, the Group’s revenue decreased by RM3.1 million or 21% compared to the preceding financial year-to-date. Revenue contributed from the manufacturing segment recorded a decrease of RM3.2 million, particularly in road tankers, compared to the corresponding period and revenue from the financial services segment contributed RM0.2 million to the current financial year-to-date. Despite a lower revenue recorded, the Group reported a lower LBT of RM3.3 million, compared to a LBT of RM4.2 million for the preceding financial year-to-date.

B2. Comments on results against the immediate preceding quarter

	3 Months Current Quarter	3 Months Preceding Quarter	Variance	
	31.12.2021 RM'000	30.09.2021 RM'000	Amount RM'000	%
Revenue	3,975	2,445	1,530	63
Loss before interest and tax	(681)	(1,153)	472	41
Loss before tax	(774)	(1,210)	436	36
Loss after tax	(791)	(1,039)	248	24
Loss attributable to owners of the Company	(791)	(1,039)	248	24

The Group’s revenue for the current quarter of RM4.0 million was 63% higher than the immediate preceding quarter of RM2.4 million. Hence, the Group reported a lower LBT of RM0.8 million compared to a LBT of RM1.2 million in the preceding quarter. The increase revenue was mainly from the manufacturing segment of RM1.3 million and financial services segment of RM0.2 million in the current quarter as a result of resumed activities after the MCO in September 2021.

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

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

B3. Commentary of prospects

The Board is of the view that business conditions remain challenging and competitive in view of the increasing steel material pricing and logistic costs which have affected the overall profit margins of the manufacturing segment. The Group will continue to remain cautious and continuously monitor the situation by taking appropriate measures to pursue more projects to sustain the Group's business and improve the Group's performance.

The Directors expect the continued effort in managing the impact of the COVID-19 pandemic and the cost control measure will improve the general outlook on the business environment towards recovery phase. The Group will continue its effort to drive its performance improvements along the recovery of the economic environment. Nonetheless, the Group will remain cautious and continue to take the necessary approach in its strategic planning in order to stay competitive.

During the financial year under review, the Group ventured into moneylending business through its wholly-owned subsidiary, Southborn Capital Sdn Bhd to provide financing schemes that cater to a wide range of customers, ranging from start-up entrepreneurs to small-medium enterprises. In addition, CN Asia is actively exploring various strategic business ventures in order to further enhance and expand the Group's performance.

Barring further unforeseen circumstances, the Group expects its overall performance for the financial year ending 31 December 2022 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 Ended 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Income tax				
- Current year	17	47	68	188
- (over)/under provision in prior year	-	-	(188)	3
	17	47	(120)	191
Reversal of temporary differences	-	685	-	685
	17	732	(120)	876

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.

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

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

B6. Status of corporate proposals and utilisation of proceeds

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

(a) Proposed Private Placement 2019

The status of utilisation of proceeds from the Private Placement of RM1,815,280, completed on 9 May 2019, are as follows: -

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Extended time frame for utilisation
Overhaul of machinery	1,731	(226)	1,505	December 2022
Estimated expenses in relation to the Private Placement	84	(84)	-	Completed
	<u>1,815</u>	<u>(310)</u>	<u>1,505</u>	

(b) Proposed Private Placement 2021#1

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

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Extended time frame for utilisation
Purchase of raw material	6,000	(3,170)	2,830	May 2022
Working capital	631	(631)	-	Completed
Estimated expenses	500	(500)	-	Completed
	<u>7,131</u>	<u>(4,301)</u>	<u>2,830</u>	

(c) Proposed Private Placement 2021#3

On 12 November 2021, the Company proposed to undertake a private placement of up to 12,710,000 new ordinary shares in the Company ("Placement Shares"), representing approximately 7.66% of the then total number of issued Shares, to independent third-party investor(s) to be identified later and at an issue price to be determined later ("Private Placement" or "Proposal").

The Board was considering this Proposal as the most appropriate avenue to enable the Group to raise fund for its moneylending business undertaken through its wholly-owned subsidiary, namely Southborn Capital Sdn Bhd. The Group expects to provide financing schemes that cater to a wide range of customers, ranging from start-up entrepreneurs to small-medium enterprises.

On 18 November 2021, Bursa Securities had, vide its letter dated 18 November 2021, approved the listing and quotation of up to 12,710,000 Placement Shares to be issued pursuant to the Private Placement.

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

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

Status of corporate proposals and utilisation of proceeds (Cont'd)

(c) *Proposed Private Placement 2021#3(Cont'd)*

The Board announced the price-fixing for the Private Placement in tranches and the status of each tranche is as follow: -

	<u>Price-fixing Date</u>	<u>No of placement shares</u>	<u>Issue price (RM)</u>	<u>Listing date</u>
First tranche	08 December 2021	4,962,000	0.4030	16 December 2021
Second tranche	23 December 2021	7,748,000	0.4340	31 December 2021
		<u>12,710,000</u>		

The utilisation of proceeds from the Private Placement amounted to RM5,362,318, as at the LPD, are as follows: -

<u>Purpose</u>	<u>Actual proceeds raised RM'000</u>	<u>Actual utilisation RM'000</u>	<u>Balance unutilised RM'000</u>	<u>Expected time frame for utilisation</u>
Money lending business	5,275	(5,275)	-	Completed
Estimated expenses	87	(87)	-	Completed
	<u>5,362</u>	<u>(5,362)</u>	-	

On 30 December 2021, TA Securities on behalf of the Company announced that the Proposed Private Placement was completed following the listing of and quotation for 7,748,000 Placement Shares on the Main Market of Bursa Malaysia Securities on 31 December 2021.

(d) Memorandum of Agreement (“MOA”)

On 12 and 14 October 2021, the Board announced that the Company had on the even date entered into a MOA with Poly China United Capital Holdings Limited with the intention to enter into a collaboration to explore opportunities in the poly green energy and drone technology to achieve the objectives of the MOA (the “Collaboration”).

On 10 January 2022, the Company announced that there was no material development as announced previously except the parties are still in the process of developing a feasible business model for the Collaboration.

Further announcement will be released should there be any new development to the MOA.

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

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

Status of corporate proposals and utilisation of proceeds (Cont'd)

(e) Memorandum of Understanding (“MOU”)

On 14 December 2021, the Board announced that the Company had entered into a tripartite MOU with HK Bebao Group Co., Limited (“Bebao”) and Top Metaverse Group Sdn Bhd (“Metaverse”) with the intention to form a consortium with Metaverse and Bebao to promote the various NirvanaMeta products developed by Bebao to customers and users in Malaysia and South East Asia (the “Project”) to achieve the objectives of the MOU (the “Consortium”).

Bebao together with Metaverse through NirvanaMeta intends to introduce CN Asia into the Role Playing Games (RPG) metaverse gaming arena. As at the LPD, the parties are in the midst of developing a feasible business model and proposal for the Project in relation to the Consortium as stated therein the MOU.

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

(f) Proposed Debts Settlement

On 28 January 2022, the Board announced that the Company together with its wholly owned subsidiary, Southborn Capital Sdn Bhd (“Southborn”), had on 28 January 2022 entered into a Settlement Agreement (“SA” or the “Agreement”) with INIX Technologies Holdings Berhad (“INIX”) and its wholly-owned subsidiary, INIX Glove Manufacturing Sdn Bhd (“IGMSB”) to settle a loan together with interest accrued thereon, up to 30 June 2022 of RM8,160,000 (“Settlement Sum”) extended by Southborn to IGMSB, via the issuance and allotment of 108,800,000 new ordinary shares of INIX (“Settlement Shares”) to CN Asia at an issue price of RM0.075 per Settlement Share (“Issue Price”), representing approximately a 19.44% discount to the 5-day volume weighted average price (“VWAP”) of INIX shares calculated up to 27 January 2022, being the last practicable day preceding the date of the Agreement (“Proposed Debts Settlement” or “Proposal”).

On 04 February 2022, the Company further announced that the Settlement Shares is equivalent to up to 17.49% equity interest in INIX upon completion of the Proposed Debts Settlement. CN Asia intends to hold the Settlement Shares as a medium and long term investment.

The Board is of the view that the Proposed Debts Settlement through issuance of Settlement Shares is an appropriate option to settle the outstanding debt owing by IGMSB to Southborn:

- (i) provide an opportunity to CN Asia to participate in equity investment and allow the Group to expand its operational strategies; and
- (ii) as moneylending is a new business for CN Asia, which is currently funded by CN Asia, the prospect will reduce the Group’s intercompany borrowings and minimise the risks of default.

The Proposed Debt Settlement is subject to approvals being obtained by INIX from the following:

- (i) Bursa Securities for the listing of and quotation for up to 108,800,000 Settlement Shares on the ACE Market of Bursa Securities; and
- (ii) shareholders of INIX for the approval of the shareholders of INIX at its forthcoming EGM for the allotment and issuance of the Settlement Shares at the Issue Price of the Settlement Share to CN Asia pursuant to the SA.

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

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

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

B7. Group borrowings

	Financial Year Ended 31.12.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
<u>SECURED</u>		
Short term		
Bank overdraft	842	2,582
Bankers' acceptance	1,530	867
	<hr/> 2,372	<hr/> 3,449
Lease liabilities	350	451
Term loan	123	-
	<hr/> 2,845	<hr/> 3,900
Long term		
Lease liabilities	755	479
Term loan	3,227	-
	<hr/> 3,982	<hr/> 479
Total Borrowings	<hr/> <hr/> 6,827	<hr/> <hr/> 4,379

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.

B10. (Loss) / Earnings per share

(a) Basic loss per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Loss after tax for the period	(791)	(1,459)	(3,198)	(5,103)
Weighted average number of ordinary shares in issue ('000)	117,269	52,417	117,269	52,417
Basic loss per share (sen)	<hr/> (0.67)	<hr/> (2.78)	<hr/> (2.73)	<hr/> (9.74)

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

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

(Loss) / Earnings per share (Cont'd)

(b) Diluted loss per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.12.2021 RM'000	3 Months Ended 31.12.2020 RM'000	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Loss after tax for the period	(791)	(1,459)	(3,198)	(5,103)
Weighted average number of ordinary shares in issue ('000)	117,269	52,417	117,269	52,417
Assume shares issued from full exercise of Warrants ('000)	30,202	-	30,202	-
	<u>147,471</u>	<u>52,417</u>	<u>147,471</u>	<u>52,417</u>
Diluted loss per share (sen)	(0.54)	(2.78)	(2.17)	(9.74)

B11. Additional disclosure on loss before tax

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 31.12.2020 RM'000	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Loss before tax is derived after charging/(crediting) the following: -				
Allowance for impairment of receivables	70	310	70	565
Amortisation of leasehold land	11	-	26	-
Bad debts written off	-	-	-	243
Depreciation of property, plant and equipment	393	505	1,567	1,333
Depreciation of right-of-use asset	119	43	416	313
Interest expenses	93	26	227	187
Interest income	(38)	(144)	(250)	(827)
Loss on disposal of property, plant and equipment	2	-	59	-
(Gain)/Loss on foreign exchange				
- Unrealised	4	24	(14)	32
- Realised	-	29	5	104
Gain on disposal of subsidiary	-	-	-	(11)
Reversal of allowance for impairment of receivables	-	-	(55)	-

B.12 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 23 February 2022.

BY ORDER OF THE BOARD

GOH CHOOI WOAN (MAICSA 7056110) (SSM PC No. 201908000145)
Company Secretary
Selangor, 23 February 2022