

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2020	2019	2020	2019
		CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30/09/2020 RM'000	30/09/2019 RM'000	30/9/2020 RM'000	30/9/2019 RM'000
Revenue	B1	17,544	16,757	50,198	50,513
Direct operating costs		(7,822)	(8,562)	(23,276)	(27,410)
Gross profit		9,722	8,195	26,922	23,103
Other income		590	383	1,480	1,762
Operating costs		(9,290)	(10,302)	(27,880)	(28,932)
Finance costs		(104)	(130)	(326)	(332)
Share of results of an associate		-	(91)	-	(386)
Profit/(Loss) before taxation	B2	918	(1,945)	196	(4,785)
Taxation	B5	(111)	(193)	(373)	(246)
Profit/(Loss) for the financial period		807	(2,138)	(177)	(5,031)
Other comprehensive income		16	64	168	(37)
Total comprehensive income for the financial period		823	(2,074)	(9)	(5,068)
Profit/(Loss) attributable to:					
Owners of the Company		915	(2,015)	130	(4,923)
Non-controlling interest		(108)	(123)	(307)	(108)
		807	(2,138)	(177)	(5,031)
Total comprehensive income attributable to:					
Owners of the Company		931	(1,951)	298	(4,923)
Non-controlling interest		(108)	(123)	(307)	(108)
		823	(2,074)	(9)	(5,031)
Weighted average number of shares in issue ('000)		712,905	712,905	712,905	712,905
Earnings/(loss) per share (sen) - basic	B10	0.13	(0.28)	0.02	(0.69)
- diluted	B10	0.13	(0.28)	0.02	(0.69)

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 SEPTEMBER 2020

Note	Unaudited AS AT 30/09/2020 RM'000	Audited AS AT 31/12/2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	34,040	35,385
Investment properties	2,550	2,550
Intangible asset	1,011	773
Other Investment	500	500
Deferred tax asset	858	873
	<u>38,959</u>	<u>40,081</u>
Current Assets		
Investment in preference shares	3,500	3,500
Inventories	14,268	14,175
Trade receivables	8,432	11,258
Other receivables, deposits and prepayments	2,360	2,626
Tax recoverable	22	64
Short-term investment	8,325	7,219
Cash and cash equivalents	9,418	8,569
	<u>46,325</u>	<u>47,411</u>
TOTAL ASSETS	<u>85,284</u>	<u>87,492</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	72,000	72,000
Treasury shares	(1,725)	(1,725)
Exchange translation reserve	40	(128)
Legal capital reserve	178	178
Accumulated Loss	(1,780)	(1,910)
Total equity attributable to the Owners of the Company	<u>68,713</u>	<u>68,415</u>
Non-controlling interest	1,238	1,545
Total Equity	<u>69,951</u>	<u>69,960</u>
Non-current Liabilities		
Lease liabilities	B7 1,398	1,311
Retirement benefits	1,985	1,944
Deferred tax liabilities	445	445
	<u>3,828</u>	<u>3,700</u>
Current Liabilities		
Trade payables	3,163	4,237
Other payables, deposits and accruals	7,553	8,348
Lease liabilities	B7 789	1,189
Tax Payable	0	58
	<u>11,505</u>	<u>13,832</u>
Total Liabilities	<u>15,333</u>	<u>17,532</u>
TOTAL EQUITY AND LIABILITIES	<u>85,284</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 SEPTEMBER 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			
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	-	-	-	-	130	(307)	(177)			
Other comprehensive income										
Foreign currency translation	-	-	-	168	-	-	168			
Total comprehensive income for the period	-	-	-	168	130	(307)	(9)			
Balance as of 30 September 2020	72,000	178	(1,725)	40	(1,780)	1,238	69,951			

	← 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			
Balance as of 1 January 2019	72,000	93	(1,718)	(81)	3,300	1,689	75,283			
Comprehensive income										
Loss for the period	-	-	-	-	(4,923)	(108)	(5,031)			
Other comprehensive income										
Foreign currency translation	-	-	-	(37)	-	-	(37)			
Total comprehensive income for the period	-	-	-	(37)	(4,923)	(108)	(5,068)			
Transactions with Owners of the Company										
Purchase of treasury shares	-	-	(7)	-	-	-	(7)			
Dividend paid to non controlling interest	-	-	-	-	-	(207)	(207)			
Total transactions with Owners of the Company	-	-	(7)	-	-	(207)	(214)			
Balance as of 30 September 2019	72,000	93	(1,725)	(118)	(1,623)	1,374	70,001			

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 SEPTEMBER 2020

	9 Months Ended 30/09/2020 RM'000	9 Months Ended 30/09/2019 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before tax	196	(4,785)
Adjustment for:		
Amortisation of intangible assets	99	94
Depreciation of property, plant and equipment	1,576	2,380
Interest expenses	326	332
Interest income	(226)	(703)
Reversal of inventories written down	528	25
Provision of retirement benefit expense	41	62
Share of other comprehensive income of associate	-	386
Unrealised gain on foreign exchange currency	(113)	67
	<u>2,427</u>	<u>(2,142)</u>
Operating profit/(loss) before working capital changes		
Inventories	(621)	876
Receivables	3,204	2,647
Payables	(1,869)	(1,777)
	<u>3,141</u>	<u>(396)</u>
Cash generated from/(used in) operations		
Interest paid	(326)	(332)
Interest received	226	703
Tax paid	(373)	(1,588)
	<u>2,668</u>	<u>(1,613)</u>
Net cash generated from/(used in) operating activities		
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(231)	(2,715)
Purchase of intangible assets	(337)	(252)
Withdrawal of short-term investments	(1,106)	3,966
Net cash (used in)/generated from investing activities	<u>(1,674)</u>	<u>999</u>
Cash Flows from Financing Activities		
Purchase of treasury shares	-	(7)
(Repayment)/Drawdown of lease liabilities	(313)	954
Dividend paid to non-controlling interest	-	(207)
Dividend paid	-	(2,137)
	<u>(313)</u>	<u>(1,397)</u>
Net cash used in financing activities		
Net Increase/(Decrease) in Cash and Cash Equivalents	681	(2,011)
Foreign exchange differences	168	(37)
Cash and Cash Equivalents at beginning of period	8,569	10,126
Cash and Cash Equivalents at end of period	<u>9,418</u>	<u>8,078</u>
Cash and Cash Equivalents at end of period comprise of the followings:-		
Cash and bank balances	<u>9,418</u>	<u>8,078</u>
	<u><u>9,418</u></u>	<u><u>8,078</u></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

A2. Significant Accounting Policies (Cont’d)

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16 Covid-19 Related Rent Concessions

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

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3 Reference to the Conceptual Framework

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

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.

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

A6. Material Changes in Estimates

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

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

As at 30 September 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
	30/09/2020	30/09/2020	30/09/2020	30/09/2020
	RM’000	RM’000	RM’000	RM’000
Marketing and trading	14,528	1,393	39,976	1,729
Manufacturing	7,846	(166)	20,515	(1,965)
Others	559	780	1,689	670
Inter-segment elimination	(5,389)	(1,089)	(11,982)	(238)
	17,544	918	50,198	196
Income tax		(111)		(373)
Non-controlling interests		108		307
Profit for the period		915		130

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
	30/09/2019	30/09/2019	30/09/2019	30/09/2019
	RM’000	RM’000	RM’000	RM’000
Marketing and trading	14,235	223	39,303	935
Manufacturing	5,792	(1,483)	21,924	(3,763)
Others	672	322	2,044	359
Inter-segment elimination	(3,942)	(916)	(12,758)	(1,930)
	16,757	(1,854)	50,513	(4,399)
Share of results of an associate		(91)		(386)
Income tax		(193)		(246)
Non-controlling interests		123		108
Loss for the period		(2,015)		(4,923)

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
	30.09.2020
	RM’000
Capital expenditure approved and contracted for	420
Capital expenditure approved and not contracted for	1,631
	<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	86	225
Trade purchase paid and payable	524	1,181
Commission receivable	-	38
<u>CNI Venture Sdn Bhd</u>		
Research and development expenditure paid and payable	48	124
<u>CNI IPHC</u>		
Trademark fee paid and payable	63	190
<u>Yee Kee Bing</u>		
Provision of consultancy and management services	33	193

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 RM17.54 million for the current quarter ended 30 September 2020 as compared to RM16.76 million in the previous year corresponding quarter, increased by 5%.

	Current year quarter	Preceding Year Corresponding quarter	Changes %	Current year-to-date	Preceding Year Corresponding quarter	Changes %
	30/09/2020	30/09/2019		30/09/2020	30/09/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	17,544	16,757	5%	50,198	50,513	-1%
Profit/(Loss) Before Tax	918	(1,945)	>100%	196	(4,785)	>100%
Profit/(Loss) After Tax	807	(2,138)	>100%	(177)	(5,031)	>100%
Profit/(Loss) Attributable to Owners of the Company	915	(2,015)	>100%	130	(4,923)	>100%

The revenue from the marketing and trading segment increased from RM14.24 million to RM14.53 million, an increase of 2% 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 RM7.85 million to RM5.79 million, a decrease of 35% 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 30 September 2020 was RM50.19 million, 1% 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 profit after tax for the financial period ended 30 September 2020 was RM0.81 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 RM0.92 million, compared to PBT of RM0.14 million in the immediate preceding quarter, mainly due to lower operating costs.

	Current quarter	Immediate Preceding quarter	Changes %
	30/09/2020	30/06/2020	
	RM’000	RM’000	
Revenue	17,544	16,486	6%
Profit/(Loss) Before Tax	918	141	>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:

	Current quarter	Year-to-date
	RM’000	RM’000
Taxation	111	373

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 20 November 2020 (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 30.09.2020 were as follow:

	Total
	RM'000
<u>Secured</u>	
Short-term borrowings	
Lease liabilities	789
Long-term borrowings	
Lease liabilities	1,398
	2,187

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)	915	(2,015)	130	(4,923)
Weighted average number of ordinary shares in issue ('000)	712,905	712,905	712,905	712,905
Basic (loss)/earnings per share (sen)	0.13	(0.28)	0.02	(0.69)

(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	Financial Year-to-date
	RM'000	RM'000
Amortisation of intangible assets	34	99
Depreciation of property, plant and equipment	501	1,576
Interest expenses	104	326
Inventories written down	528	528
Interest income	(65)	(226)
Provision of retirement benefit expense	14	41
Unrealised loss/(gain) on foreign exchange	130	(113)

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 November 2020.