

**CN ASIA CORPORATION BHD** (Company No.: 399442-A)  
(Incorporated in Malaysia)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/09/2016 RM'000	Preceding Year Quarter Ended 30/09/2015 RM'000	Current Financial 9 Months Ended 30/09/2016 RM'000	Preceding Financial 9 Months Ended 30/09/2015 RM'000
Revenue	5,218	2,873	14,684	10,027
Cost of sales	(3,480)	(3,164)	(10,900)	(12,007)
Gross profit / (loss)	1,738	(291)	3,784	(1,980)
Selling & distribution	(40)	(38)	(117)	(61)
Administrative expenses	(965)	(957)	(2,823)	(2,695)
Other operating expenses	(17)	6	(128)	(10)
Other operating income	-	-	3	1
Profit / (Loss) from operations	716	(1,280)	719	(4,745)
Finance cost	(152)	(204)	(520)	(547)
Share of loss of associated company	-	-	(1)	(12)
Profit / (Loss) before taxation	564	(1,484)	198	(5,304)
Taxation	-	-	-	-
Net profit / (loss) after taxation for the period	564	(1,484)	198	(5,304)
Other comprehensive (expenses) / income				
Foreign exchange translation differences	14	21	46	71
Total comprehensive profit / (loss) for the period	578	(1,463)	244	(5,233)
Net profit / (loss) for the period attributable to:-				
Equity holders of the Company	564	(1,484)	198	(5,304)
Minority interests	-	-	-	-
	564	(1,484)	198	(5,304)
Total comprehensive profit / (loss) for the period attributable to:-				
Equity holders of the Company	578	(1,463)	244	(5,233)
Minority interests	-	-	-	-
	578	(1,463)	244	(5,233)
Earnings / (Loss) per share (sen)				
- Basic	1.2	(3.3)	0.4	(11.7)
- Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At End of Current Quarter 30/09/2016 RM'000	As At Preceding Financial Year Ended 31/12/2015 RM'000
<b>ASSETS</b>		
Non-current Assets		
<i>Property, plant &amp; equipment</i>	12,135	26,163
<i>Interest in an associated company</i>	15	16
	12,150	26,179
Current Assets		
<i>Inventories</i>	2,541	3,915
<i>Amount due from customer for contract work</i>	-	708
<i>Trade and other receivables</i>	4,216	2,314
<i>Tax recoverable</i>	6	6
<i>Cash at banks and in hand</i>	361	421
	7,124	7,364
Non-current assets held for sale	13,436	-
<b>TOTAL ASSETS</b>	<b>32,710</b>	<b>33,543</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
<i>Share capital</i>	45,382	45,382
<i>Reserves</i>	(27,872)	(28,116)
Shareholders' Equity	17,510	17,266
Liabilities		
Non-current Liabilities		
<i>Finance lease liabilities</i>	323	396
	323	396
Current Liabilities		
<i>Trade and other payables</i>	5,529	3,968
<i>Amount owing to an associated company</i>	34	34
<i>Overdraft and short term borrowings</i>	9,314	11,879
	14,877	15,881
<b>TOTAL LIABILITIES</b>	<b>15,200</b>	<b>16,277</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,710</b>	<b>33,543</b>
Net Assets Per Share (RM)	0.39	0.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>Current Financial 9 Months Ended 30/09/2016 RM'000</b>	<b>Preceding Financial 9 Months Ended 30/09/2015 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit / (Loss) Before Tax But After Minority Interest	198	(5,304)
Adjustments For:-		
Depreciation of property, plant and equipment	689	838
Loss / (Gain) on foreign exchange - Unrealised	17	(8)
Interest expenses	520	546
Gain on disposal of property, plant and equipment	(3)	-
Share of loss of associated company	1	12
	<u>1,224</u>	<u>1,388</u>
Operating Profit / (Loss) Before Working Capital Changes	1,422	(3,916)
<b>Changes In Working Capital</b>		
Inventories	1,374	715
Amount Due For Contract Work	708	1,230
Trade and Other Receivables	(1,912)	2,036
Trade and Other Payables	1,571	899
Cash Generated From Operations	<u>3,163</u>	<u>964</u>
Interest paid	(520)	(546)
Net Cash Generated From Operating Activities	<u>2,643</u>	<u>418</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant & equipment	3	-
Purchase of property, plant and equipment	(19)	(56)
Net Cash Used In Investing Activities	<u>(16)</u>	<u>(56)</u>
<b>Cash Flows From Financing Activities</b>		
Withdrawal of pledged fixed deposits	-	231
Net (repayment) / drawdown of bankers' acceptance	(1,468)	168
Net repayment to an associated company	-	(19)
Net payments of finance lease liabilities	(69)	(75)
Net Cash (Used In) / Generated From Financing Activities	<u>(1,537)</u>	<u>305</u>
Net Increase In Cash And Cash Equivalents	1,090	667
Effects of Exchange Translation Differences on Cash and Cash Equivalent	(51)	56
Cash And Cash Equivalents At Beginning Of The Financial Year	(4,755)	(4,213)
Cash And Cash Equivalents At End Of The Financial Quarter	<u>(3,716)</u>	<u>(3,490)</u>
<b>Cash and cash equivalents at end of the financial period comprises:</b>		
Cash and bank balances	361	395
Bank overdraft	(4,077)	(3,885)
	<u>(3,716)</u>	<u>(3,490)</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	SHARE CAPITAL (RM'000)	SHARE PREMIUM (RM'000)	TRANSLATION RESERVE (RM'000)	ACCUMULATED LOSSES (RM'000)	TOTAL SHAREHOLDERS' FUND (RM'000)
<b>Current Year 9 Months</b>					
<b><u>Ended 30/09/2016</u></b>					
Balance at beginning of the period	45,382	3,492	187	(31,795)	17,266
Movement during the period (cumulative)					
- Profit for the period	-	-	-	198	198
Other comprehensive expenses					
- Translation difference	-	-	46	-	46
	-	-	46	198	244
Balance at end of the period	45,382	3,492	233	(31,597)	17,510
<b>Preceding Year 9 Months</b>					
<b><u>Ended 30/09/2015</u></b>					
Balance at beginning of the period	45,382	3,492	102	(25,511)	23,465
Movement during the period (cumulative)					
- Loss for the period	-	-	-	(5,304)	(5,304)
Other comprehensive expenses					
- Translation difference	-	-	71	-	71
	-	-	71	(5,304)	(5,233)
Balance at end of the period	45,382	3,492	173	(30,815)	18,232

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

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**Notes To The Quarterly Report For The Third Financial Quarter Ended 30 September 2016**

**PART A: Selected Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134**

1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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 as at and for the year ended 31 December 2015.

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 2015.

2. Qualification Of Financial Statements

The auditors expressed a qualified opinion on the preceding annual financial statements of their doubt about the Group's ability to continue as a going concern in view of the accumulated losses and the net current liabilities position of the Group.

3. 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.

4. Items Of An Unusual Nature

There was no item affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

5. Changes In Estimates Reported

There was 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.

6. Changes In Equity

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

7. Dividend Paid

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

8. Segmental Information

(a) By Activities

	Manufacturing and marketing of tanks, engineering and fabrication works RM'000	Repairing and renting of transportable containers for hazardous chemicals RM'000	Investment holdings and others RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>					
External revenue	14,684	-	-	-	14,684
Inter-segment revenue	-	-	45	(45)	-
Total revenue	<u>14,684</u>	<u>-</u>	<u>45</u>	<u>(45)</u>	<u>14,684</u>
<b>Results</b>					
Segment results	926	(4)	(203)	-	719
Finance cost	(520)	-	-	-	(520)
Share of losses of associated company	-	-	(1)	-	(1)
Profit attributable to equity holders of the Company					<u>198</u>
<b>Other information</b>					
Segment assets	29,411	490	2,788	-	32,689
Unallocated assets	-	-	-	-	-
Tax assets	-	-	6	-	6
Investment in associated company	-	-	15	-	15
Consolidated total assets					<u>32,710</u>
Segment liabilities	4,454	-	1,109	-	5,563
Interest bearing liabilities	9,637	-	-	-	9,637
Deferred taxation liabilities	-	-	-	-	-
Consolidated total liabilities					<u>15,200</u>
Capital expenditure	19	-	-	-	19
Depreciation and amortisation	676	-	13	-	689

## Notes To The Quarterly Report For The Third Financial Quarter Ended 30 September 2016 (cont'd)

## (b) By Geographical

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>				
External revenue	14,684	-	-	14,684
Inter-segment revenue	45	-	(45)	-
Total revenue	<u>14,729</u>	<u>-</u>	<u>(45)</u>	<u>14,684</u>
<b>Results</b>				
Segment results	736	(17)	-	719
Finance cost	(520)	-	-	(520)
Share of losses of associated company	(1)	-	-	(1)
Profit attributable to equity holders of the Company				<u>198</u>
<b>Other information</b>				
Segment assets	31,973	716	-	32,689
Unallocated assets	-	-	-	-
Tax assets	6	-	-	6
Investment in associated company	15	-	-	15
Consolidated total assets				<u>32,710</u>
Segment liabilities	5,563	-	-	5,563
Interest bearing liabilities	9,637	-	-	9,637
Deferred taxation liabilities	-	-	-	-
Consolidated total liabilities				<u>15,200</u>
Capital expenditure	19	-	-	19
Depreciation and amortisation	689	-	-	689

9. Material Subsequent Events

There were no material events subsequent to the end of the quarter reported on that have not been reflected in the financial statements for the period.

10. Changes In The Composition

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

11. Changes In Contingent Liabilities

	Period Ended 30.09.2016 RM'000	Year Ended 31.12.2015 RM'000
In respect of corporate guarantee for credit facilities granted to a subsidiary company	<u>8,251</u>	<u>11,853</u>

12. Capital Commitments

There were no capital expenditure approved and contracted for in the current quarter and the financial year-to-date.

13. Significant Related Party Transactions

During the financial year-to-date, the Group has the following significant transaction with the following related parties, in which two of the directors of the Company, namely Mr Ho Cheng San and Madam Angeline Chan Kit Fong, are also the directors and have substantial financial interest:-

	Current Financial Quarter 30/09/2016 RM'000	Preceding Financial Quarter 30/09/2015 RM'000	Current Financial Year-To-Date 30/09/2016 RM'000	Preceding Financial Year-To-Date 30/09/2015 RM'000
Rental of premises paid to				
- Crystal Bond Sdn Bhd	24	24	72	72
- Marvellous Production Sdn Bhd	<u>84</u>	<u>84</u>	<u>252</u>	<u>252</u>

**PART B: Explanatory Notes Required By Bursa Malaysia Securities Main Market Listing Requirements**1. Review Of Performance Of The Group

During the quarter under review, the Group recorded a profit before taxation of RM0.6 million as compared to a loss before taxation of RM1.5 million for the preceding corresponding quarter mainly due to a 82% increase in revenue recorded during the quarter. Besides, the improved results was also due to better margin on projects executed and the continuous cost control measures undertaken by the Group since the beginning of the current financial year.

For the current financial year to-date, the Group recorded profit before taxation at RM0.2 million as compared to RM5.3 million loss before taxation in the preceding corresponding financial year-to-date. The improved results was due to a 46% increase in revenue in the current financial year-to-date coupled with better margin on projects executed and the continuous cost control measures undertaken by the Group since the beginning of the current financial year.

*Notes To The Quarterly Report For The Third Financial Quarter Ended 30 September 2016 (cont'd)*

2. Variation Of Results Against Preceding Quarter

The Group's profit before taxation for the quarter increased to RM0.6 million as compared to RM0.1 million in the preceding quarter on the back of the increased in revenue by 26% during the current quarter.

3. Current Year Prospects

The Directors are of the view that the global economic turmoil and intense competition coupled with the uncertain economic outlook will continue to be challenging to the Group for the current financial year. The Group is focusing to increase its revenue from the core business and undertake precautionary measures to manage its cost exposure effectively so as to enhance its performance for the current financial year.

4. Variance Of Actual Profit From Forecast Profit And Shortfall In Profit Guarantee

There is no profit forecast provided in any public document.

5. Additional Disclosure on Profit / (Loss) Before Taxation

	<b>Current Financial Quarter 30/09/2016 RM'000</b>	<b>Preceding Financial Quarter 30/09/2015 RM'000</b>	<b>Current Financial Year-To-Date 30/09/2016 RM'000</b>	<b>Preceding Financial Year-To-Date 30/09/2015 RM'000</b>
Profit/(Loss) before taxation is derived after charging/ (crediting) amongs others, the following items:-				
Depreciation of property, plant and equipment	205	280	689	838
Interest expenses	152	204	520	546
Gain on disposal of property, plant and equipment	-	-	(3)	-
Loss / (Gain) on foreign exchange				
- Unrealised	-	(10)	17	(8)
- Realised	17	(9)	91	-
	<u>17</u>	<u>(9)</u>	<u>91</u>	<u>-</u>

6. Taxation

	<b>Current Financial Quarter 30/09/2016 RM'000</b>	<b>Current Financial Year-To-Date 30/09/2016 RM'000</b>
Based on results for the financial year-to-date	<u>-</u>	<u>-</u>

7. Corporate Proposal Status

(i) Proposed Multiple Proposals (I) Proposed Par Value Reduction; (II) Proposed Rights Issue with Warrants; (III) Proposed Diversification; (IV) Proposed Acquisition; (V) Proposed ESOS; and (VI) Proposed IASC (The "Proposals")

On 29 April 2016, with reference made to the announcements dated 22 May 2015, 27 May 2015, 29 May 2015 and 15 June 2015 in relation to the Proposals and the First Announcement, the Board announced that after due consideration, the Board has decided to abort the Proposals.

(ii) Regularisation Plan

On 29 April 2016, in relation to the First Announcement and the various subsequent announcements made pursuant to the requirements under PN 17 ("Announcement"), the Board announced that the Company has appointed TA Securities Holdings Berhad ("TA Securities") as its Principal Adviser to formulate a Regularisation Plan which will not result in a significant change in the business direction or policy of the Company.

On 13 May 2016, TA Securities had, on behalf of the Company, submitted the application for the EOT of 4 months up to 28 September 2016 for the submission of a Regularisation Plan to Bursa Securities of which the EOT was granted vide Bursa Securities' letter dated 16 June 2016.

On 20 June 2016, the Board announced that TA Securities resigned as principal adviser and M&A Securities Sdn Bhd ("M&A") was appointed in its replacement to formulate a Regularisation Plan for the Company.

On 8 September 2016, M&A had, on behalf of the Company, submitted the application for the EOT of 5 months up to 28 February 2017 for the submission of a Regularisation Plan to Bursa Securities of which the EOT was granted vide Bursa Securities' letter dated 28 September 2016. The necessary announcement in relation to the Regularisation Plan will be made in due course.

(iii) Proposed Disposal of Properties ("Proposed Disposals")

On 13 June 2016, the wholly-owned subsidiaries of the Company, namely Chip Ngai Engineering Works Sdn Bhd ("Chip Ngai") and Douwin Sdn Bhd ("Douwin"), had each entered into a sale and purchase agreement with LTK Properties Sdn Bhd ("LTK Properties"), a wholly-owned subsidiary of LTKM Berhad for the disposal of the following: -

- a parcel of leasehold land measuring approximately 9,669 square metres ("sqm") held under H.S.(M) 20480, PT No. 17040 Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with office and factory building erected thereon ("Parcel 1") for a cash consideration of RM21,856,200; and
- a parcel of leasehold land measuring approximately 6,559 sqm held under H.S.(M) 20479, PT No. 17041, Tempat Jalan Balakong, Sedang, Mukim and District of Petaling, State of Selangor ("Parcel 2") for a cash consideration of RM14,826,300.

Concurrently, Chip Ngai and Douwin have each entered into a tenancy agreement with LTK Properties to lease back Parcel 1 and Parcel 2 for a term of up to 36 months at the rent of RM22,000 and RM8,000 per month respectively.



## Notes To The Quarterly Report For The Third Financial Quarter Ended 30 September 2016 (cont'd)

7. Corporate Proposal Status (Cont'd)

On 19 August 2016, the Company issued a circular to shareholders in relation to the Proposed Disposals to hold an Extraordinary General Meeting on 5 September 2016 ("EGM").

On 5 September 2016, the resolution as stipulated in the Notice of EGM was duly passed by the shareholders of the Company at the EGM held by way of poll.

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

8. Group Borrowings

	<b>As At End of Current Quarter 30/09/2016 RM'000</b>
<b>(i) Current</b>	
<u>SECURED</u>	
Finance Lease Liabilities	96
Bank Overdrafts	3,934
Bankers Acceptance	4,891
	<u>8,921</u>
<u>UNSECURED</u>	
Bank Overdrafts	143
Bankers Acceptance	250
	<u>393</u>
Total Short Term Borrowings	<u>9,314</u>
<b>(ii) Non-current</b>	
<u>SECURED</u>	
Finance Lease Liabilities	323
<b>TOTAL GROUP BORROWINGS</b>	<u><u>9,637</u></u>

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

9. Material Litigation

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

10. Dividend

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

11. Earnings / (Loss) Per Share

	<b>Current Financial Quarter 30/09/2016 RM'000</b>	<b>Preceding Financial Quarter 30/09/2015 RM'000</b>	<b>Current Financial Year-To-Date 30/09/2016 RM'000</b>	<b>Preceding Financial Year-To-Date 30/09/2015 RM'000</b>
Net profit / (loss) after taxation for the period	564	(1,484)	198	(5,304)
Weighted average number of ordinary shares in issue ('000)	45,382	45,382	45,382	45,382
Basic earnings / (loss) per share (sen)	<u>1.2</u>	<u>(3.3)</u>	<u>0.4</u>	<u>(11.7)</u>

12. Realised and Unrealised Accumulated Losses

	<b>As At End of Current Quarter 30/09/2016 RM'000</b>	<b>As At Preceding Financial Year Ended 31/12/2015 RM'000</b>
<b>Company and Subsidiary Companies</b>		
Total accumulated losses		
- Realised	(24,450)	(24,729)
- Unrealised	(17)	1
	<u>(24,467)</u>	<u>(24,728)</u>
<b>Associated Company</b>		
- Realised	(144)	(143)
	<u>(24,611)</u>	<u>(24,871)</u>
Less: Consolidation adjustments	(6,986)	(6,924)
Total consolidated accumulated losses	<u><u>(31,597)</u></u>	<u><u>(31,795)</u></u>

BY ORDER OF THE BOARD

LIM PAIK GOOT  
KOH MUI TEE  
Company Secretaries  
Selangor, 16 November 2016