CITRA NUSA

CITRA NUSA HOLDINGS BERHAD
(Formerly known as CNI Holdings Berhad)
198901004452 (181758-A)

UNLOCKING POTENTIAL

ANNUAL REPORT 2021

UNLOCKING POTENTIAL

As we celebrated the 35th Anniversary of our direct sales business in 2021, many business transformation efforts have been undertaken to engage digitally with our customers and stakeholders. Navigating through the evolving challenges presented by the pandemic, we have unlocked many new opportunities and potential for this business segment.

Moving forward, we have taken the bold step of renaming our company to further unlock unlimited possibilities of new business ventures and to ensure the brand value of our subsidiaries can take their course. Therefore, for the first time, we are pleased to address ourselves as Citra Nusa in this 2021 Annual Report. We believe adaptability and diversification will transform us into a resilient business.

With a fresh outlook backed by a solid background, Citra Nusa continues to leverage on scalability and technology to move towards a diversified enterprise with a sustainable performance that dynamically adapts to evolving customers expectations and delivering greater value to our stakeholders.

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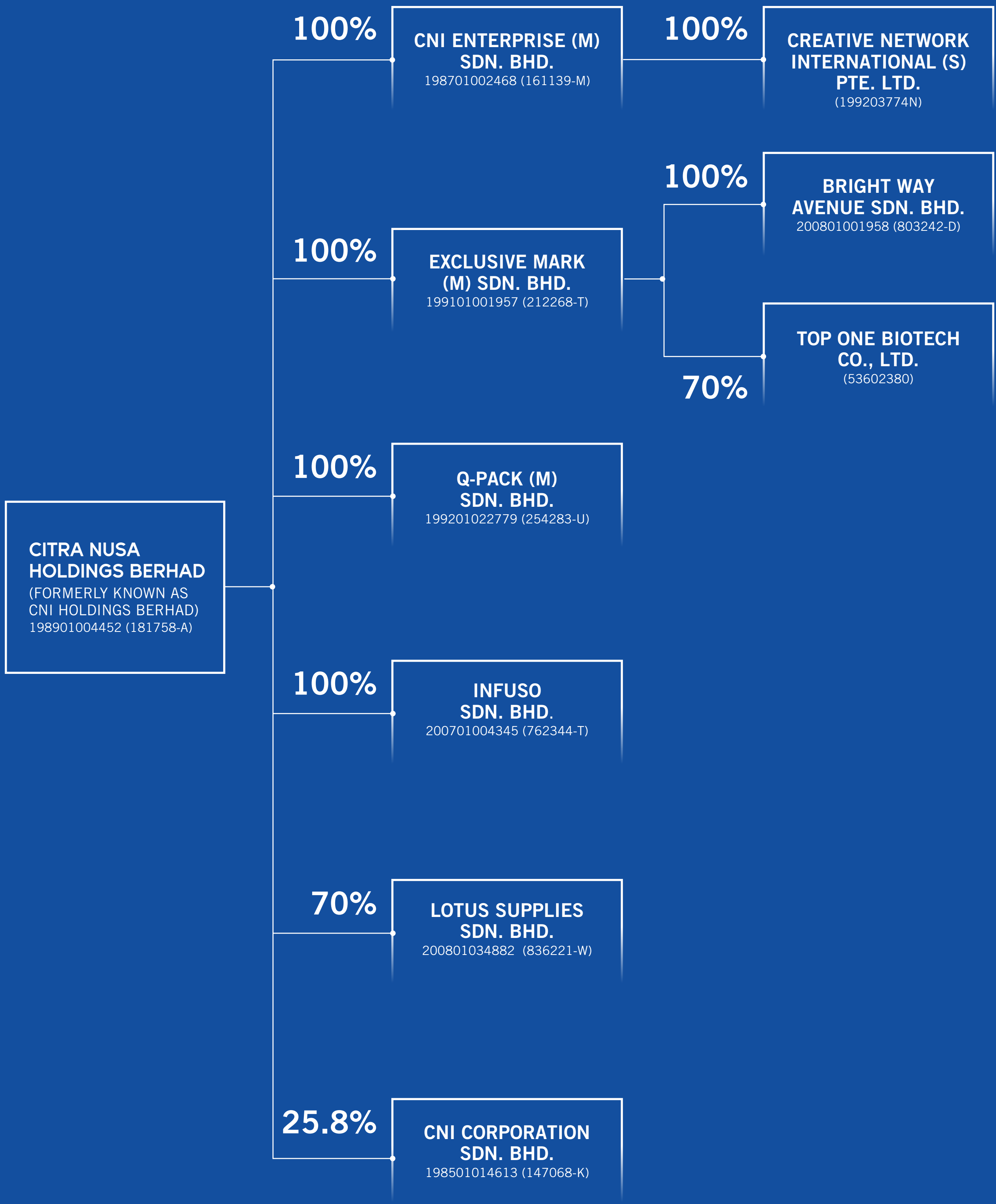
CORPORATE PROFILE

CNI Holdings Berhad was established in 1989 and listed on the Main Market of Bursa Malaysia Securities Berhad on 4 August 2005. It changed its name to Citra Nusa Holdings Berhad ("CNH") on 25 May 2021.

The principal business of CNH involves marketing and trading, manufacturing and others. For the marketing and trading segment, CNI has since 1987 become an established household name offering a wide range of wellness, food & beverage, beauty, personal care and household products. For over three decades, CNI has honed its expertise in building an extensive and efficient distribution network and thereby has gained market penetration in Malaysia, Brunei and Singapore. We have business presence nationwide with 91 branches, distribution centres and sales points.

For the manufacturing segment, our factories have been accredited with Good Manufacturing Practice (GMP) standards, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, FSSC 22000 (Version 5) and MS1480:2007 certifications, while much research and development (R&D) had been and are being carried out with various laboratories and research institutions to further improve CNI products.

GROUP CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Koh Peng Chor
Non-Independent Non-Executive Chairman

Koh How Loon
Group Chief Executive Officer

Chew Boon Swee
Executive Director

Dr. Ch'ng Huck Khoon
Independent Non-Executive Director

Lim Lean Eng
Independent Non-Executive Director

Yee Kee Bing
Non-Independent Non-Executive Director

COMPANY SECRETARY

Chin Yoke Kwai
(MAICSA 7032000)
SSM Practicing Cert. No. 201908002010

AUDIT COMMITTEE

Lim Lean Eng
Chairman

Dr. Ch'ng Huck Khoon

Dato' Koh Peng Chor

NOMINATION AND REMUNERATION COMMITTEE

Dr. Ch'ng Huck Khoon
Chairman

Lim Lean Eng

Dato' Koh Peng Chor

RISK MANAGEMENT COMMITTEE

Dr. Ch'ng Huck Khoon
Chairman

Lim Lean Eng

Koh How Loon

AUDITORS

MESSRS PCCO PLT
Chartered Accountants
17, Jalan Ipoh Kecil,
50350 Kuala Lumpur
Tel: 03-4042 1177 Fax: 03-4041 9216

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Wisma CNI, No.2 Jalan Perunding U1/17
Hicom-Glenmarie Industrial Park
Seksyen U1, 40150 Shah Alam, Selangor.
Tel : 03-5569 4000
Fax : 03-5569 3308
Email: info@citranusaholdings.com
Website: www.citranusaniholdings.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor.
Tel: 03-7890 4700 Fax: 03-7890 4670
Website: www.boardroomlimited.com
Email: bsrhelpdesk@boardroomlimited.com

PRINCIPAL BANKER

Citibank Berhad

SOLICITORS

Messrs Ong & Kok

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia
Securities Berhad on 4 August 2005
Stock Code: 5104
Stock Name: CNH

FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER	2021	2020 Restated	2019	2018	2017
Performance (RM'000)					
Revenue	**74,132**	67,690	66,738	86,148	85,038
Profif / (Loss) Before Taxation	**2,062**	757	(4,502)	3,515	(15)
Attributable Profif / (Loss)	**657**	584	(5,132)	605	(2,082)
Key Balance Sheet Data (RM'000)					
Share Capital	**72,000**	72,000	72,000	72,000	72,000
Shareholders' Equity	**71,382**	69,158	68,415	73,594	74,500
Total Assets	**90,043**	86,420	87,492	96,199	100,508
Lease liabilities	**2,284**	2,330	2,499	1,156	1,314
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	**0.09**	0.08	(0.72)	0.08	(0.29)
Net Dividend Per Share (sen)	**-**	-	0.30	-	-
Net Assets Per Share ("APS") (sen)	**9.91**	9.61	9.59	10.62	10.45
Gearing Ratio (%)	**0.32**	0.33	0.35	0.16	0.18

CORPORATE EVENTS

1. Our 35th anniversary celebration was successfully held online in November displaying a significant range of creativity and IT repertoire of our in-house resources.

3. A total of 54 CBOs' children along with employees' children were successfully awarded a special incentive to appreciate the children who achieved academic excellence in FY2021

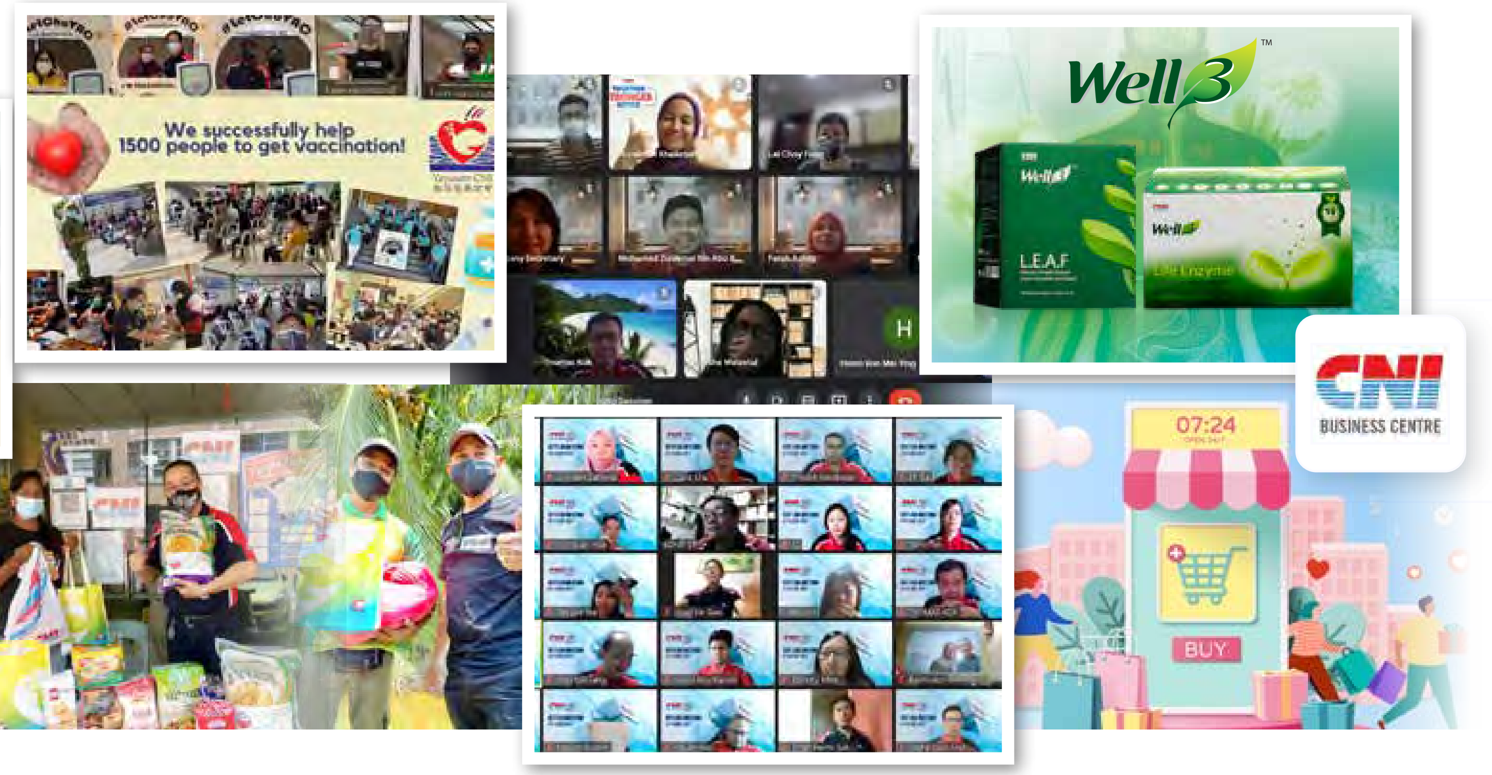
2. Disaster Relief Program for Keluarga CNI – Yayasan CNI contributes relief to CBOs and employees affected by Klang Valley flood in mid December 2021 & East Coast flood in March 2022 following the heaviest rainfall experienced in the last 100 years.

Yayasan CNI
施恩爱基金會

4. COVID-19 Relief Programme 2021 - a series of proactive efforts were initiated by the Group to ensure the health and safety of our staff, CBOs and the local community.
   - The Group collaborated with CBOs to reach out to over 1243 families financially affected by the pandemic and in need via our Food and Essential Aid Programme launched nationwide,
   - A humanitarian effort was extended to support the White Flag Project via #CNIJagaKita. Yayasan CNI worked with Datuk Rosyam Nor, Chris Tong and DJ Suresh RAAGA to donate RM30,000 cash to NGOs of their choice, namely The Hope Branch, Dignity for Children Foundation, Yayasan Artis Veteran Malaysia and Persatuan Pekerja Profesional Filem Malaysia,
   - Yayasan CNI, together with BONIA and Young Malaysian Movement Raja Chulan successfully completed its vaccination programme for 1,500 people at IKON Connaught in 2021. This programme was organised to cater for its CBOs, and employees, business partners' employees and the community in order to contribute towards the nation's plan to achieve full vaccination while extending CNI's caring spirit to the community

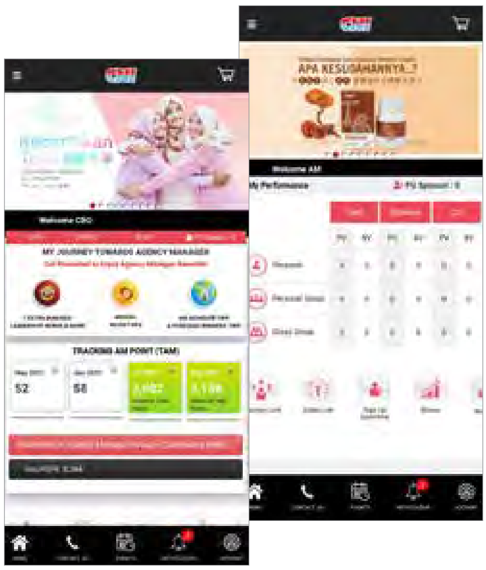
5. The Group invested in a total of 477 online trainings with over 4,000 training hours involving 7,406 participants from all levels of employment to ensure that our daily operations and our employees remain efficient and effective despite the new normal.

7. CNI Enzyme is the choice enzyme products in Malaysia scientifically proven and continuously upgraded to suit the needs of the growing number of loyal customers in the past 20 years with a favourable 15% sales increase in 2021 compared to the previous year.



6. 172 regular online and live streaming events were organised to engage and motivate our CBO force despite the MCO.

8. Online shopping experience in CNI Business Center app & cni.my website is further enhanced with new user interface and added features for the enjoyment of our CBOs and customers.



MANAGEMENT DISCUSSION & ANALYSIS

The Board of Directors of the Company ("Board") and Management is pleased to present the Management Discussion and Analysis ("MD&A") which contains commentaries from the Management to give shareholders a better understanding of the Group's business, operations and financial position for the financial year ended 31 December 2021 ("FY2021").

The MD&A should be read in conjunction with the Audited Financial Statements of the Group and the Company for the FY2021.

OVERVIEW OF BUSINESS AND OPERATIONS

During FY2021, there were no major changes to the Group's fundamental business and focus. The growth of the Group continued to be driven by its existing businesses that can be segregated into 2 major reportable segments, comprising Marketing & Trading and Manufacturing.

Our headquarters is located at Shah Alam, Selangor which is our corporate office. The Group has a nationwide presence with branches and distribution channels across Malaysia, Singapore and Brunei. The Marketing & Trading segment's business is conducted primarily via direct selling business model. Products are sold to consumers principally through CNI Business Owners ("CBOs") who earn incentives laid down in our stipulated marketing plan. Starting its business in 1987, CNI offers an opportunity to everyone to build their business with the quality products under the CNI brand. We also provide training programmes with other facilities and supporting tools for our CBOs to grow their business with us.

The Group owns 3 internationally accredited manufacturing facilities with ISO, HACCP and GMP certifications and Halal certifications from JAKIM. The manufacturing plants are located at Selangor, Malaysia and Tainan, Taiwan which primarily supply to our Marketing & Trading segment and carry out Original Equipment Manufacturer (OEM) contract manufacturing. We focus on manufacturing health food and functional beverages, household and personal care products. The Manufacturing segment exports to overseas such as China, Indonesia, Hong Kong, Thailand, Taiwan, and USA.

OVERVIEW OF MARKET PERFORMANCE

As we navigated through the COVID-19 pandemic, our companies' business operations and financial performance, though impacted, remained resilient. The COVID-19 pandemic continues to pose significant threats in the regions in which we operate our businesses. While Malaysia had reopened the economy on 11 October 2021, the pace of recovery is still largely depending on the progress and efficacy of vaccinations, populations' compliance with Standard Operating Procedures ("SOPs") and government's ability to effectively contain outbreaks of any new COVID-19 variants.

Due to strict lockdown measures that took place during June to September 2021, the economy of Malaysia contracted by 4.5% in the third quarter of 2021 after it saw a 16.1% expansion in the previous second quarter of 2021.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Ensuring business continuity to safeguard the shareholders' interest is paramount to what we do. It became necessary for us to scrutinize our business continuity plan during the pandemic. We managed to streamline our business operations and supply chain; we reviewed our fund position and cost structure for financial sustainability.

For FY2021, the Group posted a revenue of RM74.1 million (FY2020: RM67.7 million), an improvement of 10% from FY2020. The Marketing & Trading segment remained the largest contributor in FY2021, accounting for approximately 84% of the Group's revenue. During the financial year, the Marketing & Trading segment's revenue rose by 14%. This helped to offset lower revenue from the manufacturing segment (-6%). The Manufacturing segment was primarily affected by the reduction in manufacturing activities due to lower export sales.

While the modest improvement in revenue was respectable amidst the pandemic, the 206% growth in profit before tax ("PBT") to RM4.9 million (FY2020: RM1.7 million) was commendable and could not have been possible without the hard work and dedication of our experienced team.

As at FY2021, total assets of the Group stood at RM90 million against total liabilities of RM17 million. The Group's current ratio stood at a healthy 3 times where the current assets of the Group comprising inventories, trade receivables, short-term financial investments, and cash and cash equivalents made up approximately 55% of total assets. The Group continued to maintain a low gearing to-date with sufficient liquidity as an advantage against uncertainties. Total equity attributable to shareholders improved by 3.2% from RM69.2 million in FY2020 to RM71.4 million in FY2021.

In regards to cash flows, the Group remained robust with cash and cash equivalents plus short-term funds of RM22.8 million as at 31 December 2021, as compared to RM18.3 million as at 31 December 2020.

Overall, the Group's funding arrangements are designed to keep an appropriate balance for the Group's businesses which are substantially transacted in cash and to provide flexibility to develop new businesses as and when the opportunities arise. As the Group is in a net cash position, the Group would have sufficient financing capabilities to tap on new investment opportunities, if any.

RETURN TO SHAREHOLDERS

The Board has taken into consideration the Group and the Company's financial position, operational working capital requirements and the need to conserve cash in the current uncertain economic climate. Arising therefrom, the Board does not recommend and declare any dividend in respect of FY2021.

REVIEW OF SEGMENTAL RESULTS AND OPERATING ACTIVITIES

Marketing & Trading Segment

FY2021 will be remembered for timely and effective adjustments made for the direct selling business, thanks to the nimble management and the strong backing of a wide range of SKUs and the extensive CBOs' network. This segment recorded revenue of RM62.2 million and PBT of RM4.9 million in FY2021, which represented an improvement of 14% and 197% respectively as compared to the last financial year despite market volatility.

Our products remained viable especially supported by consumers' loyalty which was fostered by emotional connection over the years. Moreover our wide range of product offerings was able to meet various consumers' needs, for example health supplements were highly demanded in times of health crisis. Wellness products contributed 32% of total revenue.

As at the end of FY2021, the direct selling business network includes 91 authorized distribution centres, sales points and branches.

We successfully adapted to new business normalcy and leveraged on digital platforms to stay connected with our network. We took various initiatives to support the CBOs that included a series of virtual sales programmes and education programmes to boost sales.

Marketing activities and training sessions continues the trends of virtual engagements. We trained CBOs the same to help them move their business online while continuing to build their product knowledge and selling techniques. In line with the National Recovery Plan which reopened the market at the end of 2021, we plan to gradually resume field activities with strict adherence to SOP stipulated by the Ministry of Health Malaysia.

We marked a notable milestone in the year 2021 for successfully organising the second virtual recognition event in line with our 35th anniversary celebration (themed "Bangga Bersamamu") with an overwhelming crowd of about 1,000 participants. There was also the 35th Anniversary Weekly Draw (Double Happiness), Monthly Draw (Digital Device), and Grand Draw (including travel prizes to Greece & Asia countries) worth RM1.2 million which were part of the 35th Anniversary Campaign throughout 2021. With many physical activities unable to be conducted, we made an effort to return to our customers through this.

In 2021, we expanded our reach into the Beauty segment with the introduction of Myraz, a complete skin care series. In addition, we had upgraded nine (9) of our current products and offered two seasonal products under the festive category.

On an ongoing basis, we continue to build customers' and brand loyalty by offering a diverse product portfolio for them to enjoy. We survey markets thoroughly before we develop new products that are value for money and achieve cost effectiveness through meticulous supply management.

Manufacturing Segment

Our manufacturing business was the hardest hit by the COVID-19 pandemic, facing multiple challenges during the pandemic lockdowns due to the control of manpower as per the SOP compliance at each factory while export demands remained weak.

The Manufacturing segment recorded a revenue of RM26 million in FY2021. Against the adverse business conditions, the 7% drop in revenue was deemed respectable.

We continue to seek new OEM customers and penetrate new markets to cushion the impact of COVID-19 in FY2021.

The Manufacturing segment focused on new product development and formulation enhancement with support from our research laboratory and GMP plant facility to promote new scientifically proven and innovative product development. In FY2021, new products were developed that relate to COVID-19.

ANTICIPATED RISKS

We managed our business in ways to capitalize on all opportunities, by identifying and managing material risks at an acceptable level. The Group established processes to systematically identify and assess both financial and non-financial business risks. The following were the key risk factors we identified, which can potentially undermine the efforts of our distribution network and the performance of our businesses:

- Pandemic Risk
- Information Technology (IT) Risk
- Credit Risk
- Competition from e-Commerce
- Regulatory Challenges

FORWARD-LOOKING STATEMENT

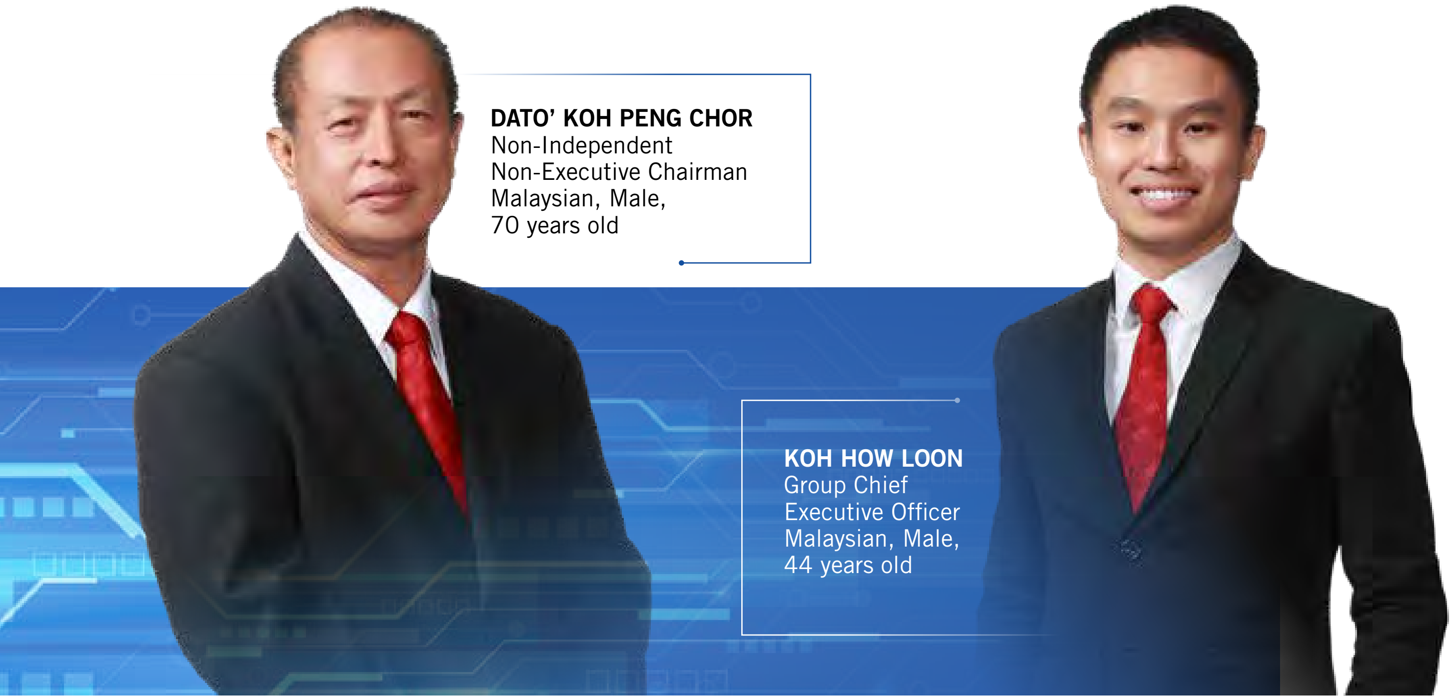
The global supply chain crisis is expected to continue in 2022, perpetuating the raw material shortages and high raw material prices. Shipping rates are at multi-year highs, yet the operations will have to contend with freight availability and long and uncertain lead times.

In the near term, the Group remains committed to entrenching our businesses and operations digitally by strengthening and enhancing the existing infrastructures. We have made encouraging progress on digital transformation since FY2020 and the journey will continue to evolve with changing consumer behaviour alongside technological advances.

The Group is undertaking capital expansion to balance its product portfolio across our companies, and the coming year will see us focusing on filling the new facilities. We will continue to drive further cost efficiency and focus on value addition in the integrated value chain.

CNH will continue to be steadfast and diligent in ensuring that we maintain a fine balance between our financial performance, shareholders rewards and the Group's sustainable future as a whole.

BOARD OF DIRECTORS' PROFILE



DATO' KOH PENG CHOR
Non-Independent Non-Executive Chairman
Malaysian, Male,
70 years old

KOH HOW LOON
Group Chief Executive Officer
Malaysian, Male,
44 years old

DATO' KOH PENG CHOR

Date of Appointment:
- 11 December 1990

Qualification:
- Honorary Doctor of Philosophy in Multilevel Marketing Management by Summit University, USA
- Fellow Member of the Institute of Marketing, Malaysia

Working Experience:
- As the main founder, he has been instrumental in the development and growth of CNH.

Board Committee:
- Chairman of the Investment Committee
- Member of the Audit Committee and Nomination and Remuneration Committee

Other Directorship:
- Nil

Family Relationship:
- He is a major shareholder of CNH. He is the father of Mr. Koh How Loon, Group CEO of CNH. He is the spouse of Datin Chuah Tek Lan, a major shareholder of CNH.

KOH HOW LOON

Date of Appointment:
- 1 February 2012

Qualification:
- Bachelor of Administration in Supply Chain Management, University of Michigan State, USA
- Master in Business Administration, University of Victoria, Australia

Working Experience:
- He started his career with CNIE as Management Trainee in 2001. He was the Personal Assistant to the Group Chairman & CEO of CNH. He was appointed as Executive Director of CNIE in 2007 and the CEO of CNIE in 2011. He assumed his current position as the Group CEO of CNH on 1 March 2018..

Board Committee:
- Chairman of the Executive Management Committee
- Member of the Risk Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:
- Nil

Family Relationship:
- He is the son of Dato' Koh Peng Chor, the Chairman and a major shareholder of CNH and Datin Chuah Tek Lan, a major shareholder of CNH.

CHEW BOON SWEE
Executive Director
Malaysian, Male,
62 years old

DR. CH'NG HUCK KHOON
Independent Non-Executive Director
Malaysian, Male,
53 years old

Date of Appointment:
- 18 September 2003

Qualification:
- Bachelor of Science, National Taiwan Chung Hsing University
- Professional member of the Malaysian Institute of Food Technologist
- International member of the Institute of Food Technologist

Working Experience:
- He started his career with Empire Food Industries Sdn Bhd and subsequently joined Fortune Lab (M) Sdn Bhd. He was appointed as the CEO of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("QP") in 2003. He is credited for setting up the GMP, ISO and HACCP accreditations for the manufacturing operations of EM and Q-Pack.

Board Committee:
- Member of Executive Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

Date of Appointment:
- 1 March 2010

Qualification:
- Diploma in Commerce, Business Management, Tunku Abdul Rahman College
- Associate Member of the Institute of Chartered Secretaries and Administrators, UK
- Master of Business Administration (Finance) University of Stirling, UK
- Doctor of Philosophy in Finance, Universiti Sains Malaysia

Working Experience:
- He was a Capital Markets Services Representative License holder with A A Anthony Securities Sdn Bhd for 15 years.

Board Committee:
- Chairman of Nomination and Remuneration Committee and Risk Management Committee
- Member of the Audit Committee

Other Directorship:
- Independent Non-Executive Director of AT Systematization Berhad

Family Relationship:
- Nil

Date of Appointment:
- 16 November 2007

Qualification:
- Diploma in Financial Accounting, Tunku Abdul Rahman College
- Fellow Member of the Association of Chartered Certified Accountants, UK

Working Experience:
- He joined Oriental Capital Assurance Berhad as Manager, Accounts & Finance in 1995, and was the Investment & Property Manager with PC Marketing Sdn Bhd. He is currently a Director of Daden Culture (M) Sdn. Bhd and Ruzang Culture Sdn Bhd.

Board Committee:
- Chairman of Audit Committee
- Member of the Nomination and Remuneration Committee and Risk Management Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

Date of Appointment:
- 11 January 2018

Qualification:
- Bachelor of Social Science (Major: Communications), Universiti Kebangsaan Malaysia

Working Experience:
- He started his career at Art Beat Communications Sdn Bhd as Accounts Servicing Executive and subsequently joined Amway (Malaysia) Sdn Bhd in 1984. He worked in Amway Malaysia for 32 years and helmed it as the Managing Director before his retirement. He is a certified Train the Trainer and also a Certified Coaching and Mentoring Professional.

Other Directorship:
- Nil

Family Relationship:
- Nil

Notes:
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of CNH, have no conflict of interest with the Company, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2021.

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 26.

KEY SENIOR MANAGEMENT'S PROFILE

KOH HOW LOON
Group Chief Executive Officer
Malaysian, Male,
44 years old

Date of Appointment to the current position:
- 1 March 2018

Qualification:
- Bachelor of Administration in Supply Chain Management, University of Michigan State, USA
- Master in Business Administration, University of Victoria, Australia

Working experience:
- He started his career with CNIE as Management Trainee in 2001. He was the Personal Assistant to the Group Chairman & CEO of CNH. He was appointed as Executive Director of CNIE in 2007 and the CEO of CNIE in 2011. He assumed his current position as the Group CEO of CNH on 1 March 2018.

Other Information:
- He is the Chairman of the Executive Management Committee
- He is a member of the Risk Management Committee, Investment Committee and Investor Relations & Corporate Disclosure Committee.
- He is the son of Dato' Koh Peng Chor, the Chairman of CNH and a major shareholder of CNH and Datin Chuah Tek Lan, a major shareholder of CNH.

CHEW BOON SWEE
Chief Executive Officer of Manufacturing Segment
Malaysian, Male,
62 years old

Date of Appointment to the current position:

- 18 September 2003

Qualification:
- Bachelor of Science, National Taiwan Chung Hsing University
- Professional member of the Malaysian Institute of Food Technologist
- International member of the Institute of Food Technologist

Working experience:
- He started his career with Empire Food Industries Sdn Bhd and subsequently joined Fortune Lab (M) Sdn Bhd. He was appointed as the CEO of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("QP") in 2003. He is credited for setting up the GMP, ISO and HACCP accreditations for the manufacturing operations of EM and Q-Pack.

Other Information:
- He is a member of the Executive Management Committee, Investment Committee and Investor Relations & Corporate Disclosure Committee

Notes:
Save as disclosed, the above Key Senior Management have no family relationship with any Director and/or major shareholder of CNH, have no conflict of interest with the Company, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2021.

SUSTAINABILITY STATEMENT

We remain committed to upholding responsible management and sustainable development on the Economic, Environmental and Social ("EES"). The agenda of sustainability remains a key consideration in CNH's overall business strategy.

This Sustainability Statement was prepared based on the Bursa Malaysia Securities Berhad ("Bursa Securities")'s Sustainability Reporting Framework, The Sustainability Statement focuses on activities carried out by the Company during the financial year from 1 January 2021 to 31 December 2021, with historical data of the preceding years included for comparison, where available and relevant. Unless otherwise stated, all data is correct as at 31 December 2021.

The scope of the Sustainability Statement covers sustainability-related performances, achievements and various initiatives in the past financial year 2021 ("FY2021") and unless otherwise specified, covers our Marketing & Trading segment and Manufacturing segment. They account for 70% and 30% of the Group's total revenue in FY2021 respectively. It includes data from CNH's subsidiaries but not from associates.

The Group strives to provide its stakeholders with an overview of the Group's approach and progress made in meeting its sustainability commitments. We believe that external assurance improves credibility and transparency of the Sustainability Statement. Hence we are committed to continuously improve our sustainability disclosures and explore external assurances in the future.

Sustainability Governance

CNH's sustainability governance framework supports the Group's progress and response to future challenges. Effective sustainability governance and management structure are vital to ensure integration of the Group's sustainability strategies and commitments into its business agenda and operations. A robust management system is also key in sustaining the Group's endeavours.

The Board of Directors ("BOD") governs and leads CNH's overall responsibility in integrating sustainable economic, environmental and social initiatives throughout the Group's business strategies. The BOD is supported by the Risk Management Committee ("RMC") with members comprising the Group CEO. The Group CEO reports to the BOD on key issues which impact the Group's sustainable responsibilities and commitments. The Group CEO's mandate is to develop sustainable strategies and policies, and to assist the BOD's decision-making efforts. The Group CEO also has a monitoring role to ensure CNH meets both its compliance and sustainable development responsibilities.

The Risk Management Unit ("RMU") supports the RMC. It comprises representatives from the Marketing & Trading segment and Manufacturing segment. Its role includes:

- Ensure consistent implementation of sustainability practices and standards
- Raising sustainability practices awareness amongst employees
- Continual process of engaging stakeholders

Stakeholder Engagement

At CNH, we recognize that stakeholder engagements, assessments and feedback are an integral part of our sustainability strategy and initiatives. The stakeholder groups, which are key to our operations and have significant influence over the impacts of our businesses, are identified and engaged on various platforms throughout the year.

Stakeholder engagement, carried out in both formal and informal set ups, have been an important avenue for CNH to understand the concerns and issues raised and provide suitable solutions where relevant. The Group also takes the opportunity to identify potential risks and substantial matters and plan for mitigation actions.

We have since conducted sessions which are more targeted to match specific needs and expectations of the respective stakeholders.

During the COVID-19 pandemic, most of our stakeholder engagements had to be held virtually:

Stakeholder Group	Engagement Approach	Focus Area
CNI Business Owners ("CBOs")	• Marketing and promotions • Incentive trip campaigns • Training and workshops • Events and seminars • Feedback and survey forms • Social media marketing	• Enhancement of distribution platform • Market demand for CNI products • Product quality and pricing • Product development and innovation • CBO entrepreneurship • CBO engagement • CNI on the radar

Stakeholder Group	Engagement Approach	Focus Area
Employees	• Town hall gathering • Engagement events (in-house talks, training, development programmes and social events) • Performance appraisal	• Career development and goals • Work-life balance • Employee benefits • Employee health and safety
Vendor & Suppliers	• Audits and evaluations • Meetings and trade fairs • Factory visits • Negotiation	• Food safety • Product quality and branding • Customer service and complaints resolution • Pricing and promotion
Certification & Regulatory Bodies	• Meetings and consultations • Training programmes and dialogues • Audits and verification	• Regulatory compliance • Standards and certifications • Approval and permits
Shareholders & Investors	• Annual Report • Annual General Meeting • Financial report • Media releases • Investor relations page on our website	• Business goals and performance • Regulatory compliance • Ethical business conduct • Internal control and risk management
Local Communities	• Sales, marketing and promotions • Corporate Social Responsibility activities • Social media • Direct selling industry engagement	• Community investment, development and impact

Material Sustainability Matters

Utilising the data and insights that we gathered from our stakeholders and through our own understanding of the economic, environmental and business climates; we have defined the materiality topics, aspects and disclosures that are most pertinent to the Group.

ECONOMIC

CBO Force

We accord our CBOs the opportunity to build and grow lifelong businesses as well as their individual skills. By enabling access to business and learning tools, both online and offline, we equip our CBOs with practical skills that they can use in their business and beyond.

Covid-19 has brought the opportunity for our CBOs to transform from a 35 years physical buisness model to include a virtual business model. We find a promising emerging trend and the momentum is picking up. We expect a 20% growth year on year. In 2021, we have new DDAM and CDAM achievers while we experience a 7% growth of the younger generation below 35 joining us.

We also recognise that engagement is essential to our success. Accordingly, we continue to actively pursue and facilitate engagement with CBO leaders via a variety of online engagement platforms such as Zoom meetings, Zoom training, Facebook live streaming and CNI Business Center Apps. These platforms serve as a means of disseminating information to our CBOs and facilitate effective two-way communication.

In FY2021, we had organized 172 regular online and live streaming events to engage and motivate our CBO force despite the MCO. These events included eBOS and eBLC, among others that had attracted the participation of CBOs nationwide.

Moving forward, our sales and marketing programmes are devised to help our CBOs acquire and retain a community of engaged customers. This will lead CBOs to enjoy a better success rate with sustainable and profitable CNI business, hence promoting better membership retention.

Ethical Business Conduct and Regulatory Compliance

We are committed to creating a Group corporate culture to operate our businesses in an ethical manner while upholding the highest standard of professionalism. Our business principles commit us to comply with all laws, rules and regulations in which we operate. Our Code of Business Ethics provides the principles and standards of business ethics and conduct of the Group.

Beyond strict adherence to local laws and regulations, the codes spell out the expectations of employee behaviour and conduct at work. The is Code of Business Ethics is made available to all employees and can be accessed from our Company's website at www.citranusaholdings.com.

Group Anti-Bribery and Anti-Corruption Policy

The Group Anti-Bribery and Anti-Corruption Policy ("ABC Policy") was developed during the previous financial year. It affirms expectations on employees to understand and comply with laws, rules and regulations applicable to their position and/or work including the relevant provisions of the Malaysian Anti-Corruption Commission Act 2009. It states, among other things, that the employees will not accept nor provide personal gifts, favours, entertainment or services, in cash or in-kind that will or will appear to influence objective and fair business decisions. The ABC Policy's matters are overseen by the Anti-Bribery and Anti-Corruption Committee which comprises senior management.

Certifications and Accreditations

Our Group is fully committed to our sustainability initiatives and seeks external assurance wherever possible to enhance our credibility and instill trust among our customers and end-users. Our participation in sector-specific standards allows us to continuously improve through the implementation of recognised systems and adherence to relevant legal requirements and industry practices which are periodically verified by accredited third parties.

Many of our products and processes have been certified and accredited by various international bodies on a par with world class standards. CNH also operates closely with the relevant government agencies in compliance audits and site visits to validate the Company's practices according to various legal requirements and standards.

Our manufacturing segment adheres to product quality and safety regulations such as Good Manufacturing Practice (GMP), Quality Management Systems (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001: 2018), Food Safety Management System (Food Safety System Certification FSSC 22000, Hazard Analysis and Critical Control Point (MS1480: 2007) & Good Manufacturing Practice (GMP) for Food (MS1514:2009) certifications. The Company ensures quality and food safety are built into every manufacturing, starting from product research and development to the delivery of products to customers. Products are developed according to customers' preference and are in compliance with all food safety and regulatory requirements.

Our products are certified Halal and comply with the guidelines of the Department of Islamic Development Malaysia (JAKIM) and the State Department of Religious Affairs (JAIN)/ Islamic Religious Affairs Councils (MAIS).

Our Testing Laboratory is a SAMM accredited laboratory by Standard Malaysia and fulfills the requirement of MS ISO/IEC 17025 – General Requirements for the Competence of Testing and Calibration Laboratories.

We also comply with the GUIDELINES FOR CONTROL OF COSMETIC PRODUCTS IN MALAYSIA and the Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 (USECHH Regulations).

Procurement Practices

To procure sustainably is to engage local suppliers to create economic opportunity for local businesses and to reduce the carbon footprints of transporting goods from overseas. In support of local businesses, we procure 79% of our materials from local suppliers.

We ensure sustainable procurement by adhering to our purchasing control procedures. All our suppliers are required to conform to the procedures and be consistent in delivering quality, competitive costing, responsiveness and supply reliability. In addition, proper procedures and controls must be followed across all relevant operations.

Our suppliers are required to sign a letter of acknowledgement that they have received and reviewed the Code of Business Ethics and Anti-Bribery & Anti-Corruption Policy of the Group. Upon their acknowledgement, our suppliers should maintain a code of conduct and/or policies which prohibit commercial bribery and bribery of government officials, consistent with CNH's expectations as described in the said letter of acknowledgement.

We offer higher quality products sourced from ethical suppliers, both locally and internationally with HALAL compliance standard to ensure that our end products respect the religious obligation of our Muslim consumers and are generally safe for all.

ENVIRONMENTAL

Usage of Resources

CNH takes every effort to mitigate wastage and generate savings throughout our operations. In FY2021, the Group continued its overall reduction in paper usage across the organisation. The success of this practice stems from the digitalisation of internal and external business processes and materials which includes the use of online file sharing apps that serves as a far more sustainable alternative compared to hard copies.

Today, apart from our newsletter made available online, the digitalisation of our operations documents are also contributing to reduced paper consumption. These are some outcomes of the paperless initiative:

- the timely switch to digital CBO eCard which incorporates all relevant information of individual CBO on a smart phone; and
- Issuance of digital statements such as e-statements, e-vouchers and other printed materials to replace physical copies for all CBOs.

Energy Managemen

The Group is mindful that while the use of non-renewable energy sources cannot be avoided altogether for now, efforts are being made to ensure these resources are used optimally and efficiently. We commit to sound energy management, which addresses energy conservation, green energy usage and energy efficiency.

Our operations are exploring energy efficient alternatives. However, this remains highly dependent on the accessibility and availability of alternative solutions in the areas we operate.

Energy management at our manufacturing segment is two-pronged: efficiency initiatives which reduce energy consumption, and continuous improvement of process systems for increased efficiency and sustainability.

Our Group achieved a total saving of 438,571 KWH through process streamlining, reducing the operations hours and mobile workforce.

Waste Management

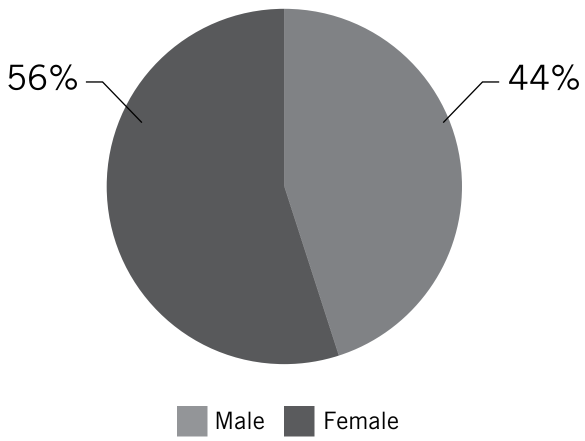
The proper handling of effluents and waste is crucial for environmental stewardship. Without solid waste and effluent management in place, we run the risk of damaging the ecosystem and severely harming those that depend on nature for survival. Additionally, by reducing waste, limiting the consumption of natural resources and repurposing our waste, we look forward to minimise our impact on the environment.

Our manufacturing segment takes proactive actions in managing our waste to avoid polluting the environment. This is especially needed for scheduled waste like spent oils and lubricants, fuel filters and chemicals and pesticide containers. The total scheduled waste of 14.79 MT generated for 2021 was treated in accordance with the DOE requirements.

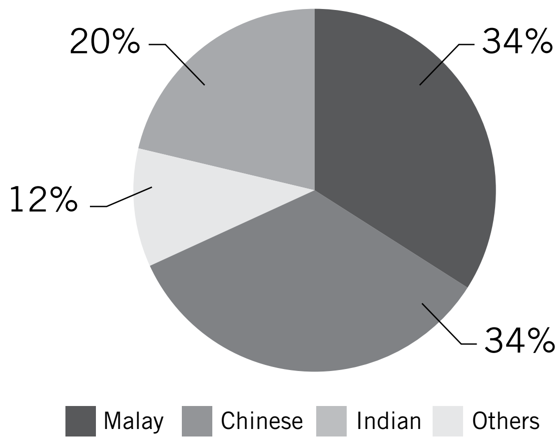
SOCIAL

CNH has a workforce of close to 350 at locations all over Malaysia, Singapore and Brunei. Our workforce and others employed in our value chain are what make our business a success. As we grow, we inculcate our core values to build a positive workspace and a positive impact that extends to all stakeholders connected to our business.

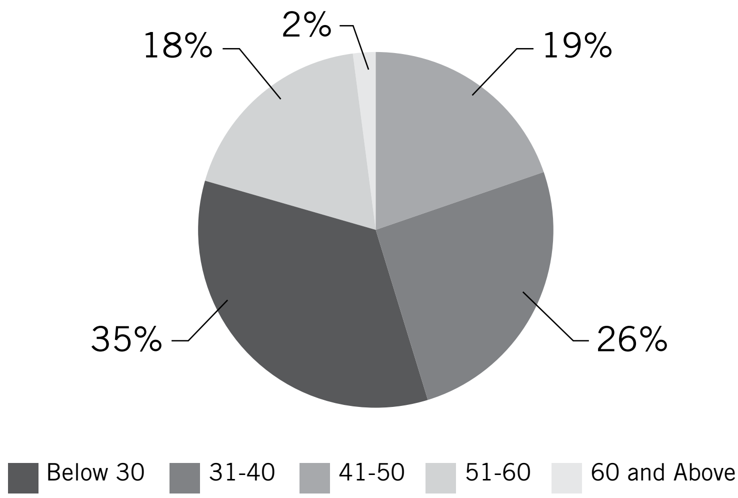
Employee by Gender



No of Local Employee by Race



Local Employee by by Age Group



CNH embraces diversity within its workforce which comprises a mix of employees from different genders, age and ethnicity. We support indiscrimination regardless of race, religion, marital status, union membership or political affiliation.

Health and Well-Being of Employees

The Group believes that health and safety is a compulsory entitlement of our workforce. We ensure that the best practices for safety and health are integrated into our daily operations and activities. We also strive to provide the best measures and tools to enable our workforce to feel safe and secure in their workplace.

The COVID-19 pandemic has triggered a paradigm shift in work processes. Hence, working processes are continuously reviewed to ensure that our daily operations and our employees remain efficient and effective despite the “new normal” Briefing sessions and training workshops were held to create better awareness of the possible dangers in different scenarios.

The Group complies with regulatory requirements to conduct health surveillance of employees who are identified to be working in an environment that may pose potential risks of health. These include workers who come in contact with potentially hazardous chemicals or loud noises produced by machineries.

The Group recognises staff loyalty with the Long Service Award which is given to every employees when they complete every 5 years of service. Each of them will receive a plaque as well as a cash/product voucher that commensurate with the number of years they have worked with the Company.

Award	Recipients (FYE2020)	Recipients (FYE2021)
Long Service Award	25	47

Training and Development

Talents under our care are provided with continuous training to provide them with opportunities to update their knowledge and skills and align them to the Company's updated policies and procedures. We also encourage our employees to enhance their capabilities through participation in external training programmes, conferences and seminars which are relevant to the Group's business needs.

CNH also organises training which emphasises development of emotional intelligence and soft skills. This is because we are aware that success in the workplace is strongly supported by personal attributes such as communication, teamwork, adaptability, problem solving and conflict resolution. Therefore, it is important to cultivate and develop these qualities.

Apart from the above, despite the COVID-19 pandemic, we had successfully carried out our Workshop for our staff and factory workers via video conferencing. We had also conducted and participated in training sessions virtually.

In FY2021, the Group invested in a total of 477 trainings with over 4,000 training hours involving 7,406 participation from all levels of employment.

Occupational Safety & Health

CNH Occupational Safety and Health ("OSH") Management System was introduced in 2007. It was established based on the BS OHSAS 18001:2007 and upgraded to ISO 4500: 2018 in 2021. It aims to fulfill the requirements of all OSH laws and regulations. It can contribute to the protection of employees and stakeholders from hazards through the elimination of work-related injuries, disabilities, ill health, diseases and fatalities.

OSH visits are carried out and training is provided in the form of information and instruction that equip all workers with the skills and knowledge to perform their work in a manner that is safe and uncompromising to health risk. This has contributed to zero occupational fatalities during FY2021. There was no major accident reported in 2021.

The company also provides internal and external training to enhance our employees OSH skills and awareness, specifically tailored downstream operations.

In early 2020, the coronavirus pandemic struck the world, affecting people, communities, and economies everywhere. COVID-19 is a health crisis with significant socio-economic implications. Recognising our role as an employer and active member of our community, CNH had taken proactive measures to ensure the health and safety of our staff and local communities while fulfilling our commitments to our customers and CBOs.

Amongst our efforts to curb COVID-19 within our employees included organising vaccination campaigns. The campaign was to ensure that all our employees were vaccinated and safe. Training and seminars were held regularly to share information on COVID-19. We also provided all our employees with hand sanitizers, hand washes and masks.

As prevention is better than cure, we also distributed Care Pack which contained RJ Vita-C, hand wash, sanitizer and mouthwash to our employees to help our employees to stay safe and healthy.

The COVID-19 pandemic has presented both employers and employees with a whole new set of challenges to contend with. With many teams working remotely, communication and bonds between colleagues have become restricted. While we are inching towards normalcy, the Group has taken several steps to reinforce employee bonding to promote healthy lifestyle by organizing activities with strict Standard Operating Procedures in place.

Community Relations & Empowerment

At CNH, we strive to ensure long-term sustainability of our business by creating shared values for both our shareholders and the society. We endeavour to strike the right balance between business performance, environmental responsibility and the people.

The Group's Corporate Social Responsibility ("CSR") programmes are focused on the following:

1. Inspiring Children – to provide assistance to selected children from poor families and inspiring youth below 21 years old

2. A Little Spark Program – to provide financial assistance or product sponsorship to victims of natural disasters

3. CNI Cares / We make a difference – to organise charity activities by CNH employees

As a continuation of these efforts, CNH maintains its primary focus of providing a special incentive to appreciate CBOs' children who achieve academic excellence. In FY2021, a total of 54 CBOs' children along with employees' children were successfully awarded.

Yayasan CNI, together with BONIA and Young Malaysian Movement Raja Chulan had successfully completed its vaccination programme for 1,500 people at IKON Connaught in 2021. This programme was organised to cater for the CBOs, employees, business partners' employees and the community in order to contribute towards the nation's plan to achieve full vaccination, while extending CNI's caring spirit to the community.

In addition, Yayasan CNI had also stepped up its humanitarian efforts to support the White Flag Project via #CNIJagaKita. In this collaborative initiative, Yayasan CNI had worked with Datuk Rosyam Nor, Chris Tong and DJ Suresh RAAGA to donate RM30,000 cash to NGOs of their choice, namely The Hope Branch, Dignity for Children Foundation, Yayasan Artis Veteran Malaysia and Persatuan Pekerja Profesional Filem Malaysia.

This initiative was part of Yayasan CNI's COVID-19 Relief Programme totalling RM300,000 in 2021, apart from free masks distribution worth more than RM200,000 via Masks4All Malaysia to 33 schools, 47 NGOs, frontliners and selected B40 communities in 2020.

Many in the communities where we operate were financially affected during the COVID-19 nationwide lockdown. Even after restrictions were relaxed, many still found themselves without work or reduced financial income.

In FY2021, the Group collaborated with the CBOs to reach out to over 1,243 families financially affected by the pandemic and in need via our Food and Essential Aid Programme launched nationwide.

Disaster Relief Program for Keluarga CNI – Yayasan CNI contributes relief to the CBOs and employees affected by the flood in Klang Valley in mid December 2021 and East Coast flood in March 2022 following the heaviest rainfall experienced in the last 100 years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of CNH recognises corporate governance as being essential for the sustainability of the Group's businesses and performance. To this end, the Board devotes considerable effort to identify and formalise best practices to continue maintaining its high standards of corporate governance throughout the Group.

The Board is pleased to present this overview of the Group's state of corporate governance during the financial year ended 31 December 2021. This Corporate Governance ("CG") Overview Statement explains how CNH Group has applied the 3 principles set out in the Malaysian Code of Corporate Governance ("the Code"):

a) Board Leadership and Effectiveness;
b) Effective Audit and Risk Management; and
c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

It should be read together with the Corporate Governance Report ("CG Report") which elaborates further on the detailed application for each practice as set out in the Code. The CG Report is available on the Company's website, www.citranusaholdings.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITES

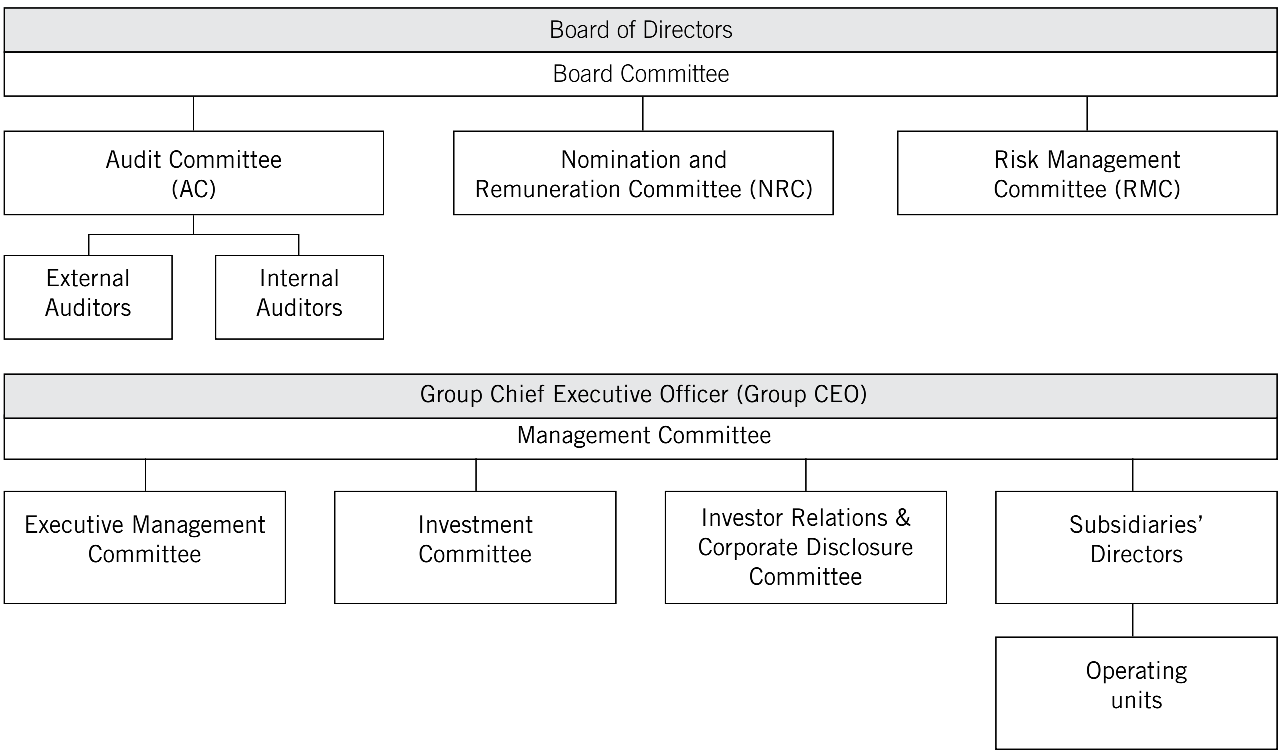
CNH continues to be led by an experienced, competent and diversified Board that is made up of Directors with appropriate competencies, knowledge, skills and experience from diverse sectors and backgrounds and also in the Group's core businesses. The Directors collectively, have wide and varied technical, financial and commercial experiences which facilitate effective, thorough and considered discharge of the Board's statutory and fiduciary duties and responsibilities.

There is a clear division of function between the Board and the Management to ensure that no single individual or group dominates the decision-making process. The Board is focused on the Group's overall governance by ensuring the implementation of strategic plans and that accountability to the Group and stakeholders is monitored effectively; whereas the Management is responsible for the implementation of management goals in accordance with the direction of and delegation by the Board.

Roles and Responsibilities of the Board

The principal functions and responsibilities of the Board are set out in the Board Charter.

The Group's governance model is set out below:



The Board meets at least four (4) times a year on a scheduled basis, with additional meetings convened as and when necessary. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2021 is outlined below:

Director	Board	AC	NRC	RMC
Executive Directors				
Koh How Loon	4/4			4/4
Chew Boon Swee	4/4			
Non-Independent Non-Executive Directors				
Dato' Koh Peng Chor	4/4	5/5	2/2	
Yee Kee Bing	4/4			
Independent Non-Executive Directors				
Dr. Ch'ng Huck Khoon	4/4	5/5	2/2	4/4
Lim Lean Eng	4/4	5/5	2/2	4/4

Board /Board Committee Chairman   Member

The Board is satisfied with the level of commitment given by the Directors in carrying out their responsibilities which is evidenced by the attendance record of the Directors above. The Board is also mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. In this respect, none of the Directors hold more than five (5) directorships each in other listed corporations.

The Board Chairman

The Chairman of the Company, who was appointed by the Board, is responsible for instilling the Group's good corporate governance practices and leading the Board in discharging its duties effectively.

The roles and responsibilities of the Chairman are set out in the Board Charter.

Separation of positions of the Chairman and the CEO

The respective roles of the Chairman and the CEO are clearly defined, so as to promote accountability and facilitate division of responsibilities between them as a check and balance mechanism. The Board believes that the separation of the roles and responsibilities of the Chairman and the CEO ensures an appropriate balance of power and authority.

The Chairman is responsible for leading the Board in discharging its duties effectively, and enhancing the Group's standards of corporate governance. He promotes an open environment for debate, and ensures that all Directors are able to speak freely and contribute effectively at Board meetings. The Chairman also provides clear leadership to the Board with respect to the Group's long-term growth and strategy.

The CEO focuses on the business, organisational effectiveness and day-to-day management of the Group. He also executes the Board's decisions and strategic policies, and chairs the Executive Management Committee, which comprises Senior Management executives to oversee the operations of the Group.

Company Secretary

The Board is supported by an in-house Company Secretary, who is suitably qualified, experienced and competent. To ensure that Directors are well supported by accurate, complete and timely information, all Directors have unrestricted direct access to the services of the Company Secretary to enable them to discharge their duties and responsibilities effectively.

The Company Secretary is responsible to provide clear and professional advice to the Board on all governance matters and assist the Board on the implementation of an effective corporate governance system.

Supply of and Access to Information and Advice

All Directors are furnished with an agenda and a set of Board papers to Board meetings at least seven (7) days prior to the meetings. This would give sufficient time to the Directors to obtain further explanation or clarification, where necessary, in order to be properly briefed before the meeting.

All proceedings of Board meetings (which include all material deliberations and recommendations) are minuted and filed in the statutory records of the Company, which is accessible by the Directors at all times. Notice on the closed periods for dealings in the shares of the Company are circulated to all Directors and principal officers of the Company in order for them to make necessary disclosure to the Company in advance of whenever the closed period is applicable.

In recognising the importance of sound and timely information flow to the Board effectively all announcements made to Bursa Malaysia will be circulated to all Directors on the day the announcements are released.

In the furtherance of its duties, the Board is also authorised to obtain at the Company's expenses, independent professional advice on specific matters, if necessary, to enable the Board to discharge its functions in the decision-making process.

Board Charter

The Board is guided by its Board Charter which clearly set out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership function. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members and Senior Management. Hence, the Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision.

The Board Charter is published on the Company's website at www.citranusaholdings.com.

Code of Business Ethics

The Board promotes good business conduct and healthy corporate governance culture that engenders integrity, transparency and fairness in line with the Company's Code of Business Ethics. The Code of Business Ethics sets out the principles and standards of business ethics and conduct of the Group and is to be observed by all employees, officers and Directors of the Group.

The Code of Business Ethics is made available on the Company's website at www.citranusaholdings.com.

Group Anti-Bribery and Anti-Corruption Policy

The Group is committed to fostering an anti-bribery and anti-corruption culture and to ensuring that its activities and transactions are open, transparent and are conducted in accordance with its policies and the laws which govern its operations. The Group Anti-Bribery and Anti-Corruption Policy which applies to all directors, officers, employees and persons associated with the Group is available on the Company's website at www.citranusaholdings.com.

Group Whistleblowing Policy

The Group has adopted a Group Whistleblower Policy to enable stakeholders to raise in confidence possible corporate improper conduct or organisational malpractice within the organisation. The Policy which states the appropriate communication and reporting channels to facilitate whistleblowing can also be accessed on the Company's website at www.citranusaholdings.com.

Sustainability of Business

The Company believes that doing business in a sustainable manner goes hand-in-hand with corporate responsibility and both are integral to generate and sustain short and long term value for its stakeholders. As such the Board is committed to promote business sustainability strategies via continuous balanced assessment and development of its operations, whilst simultaneously conserving and improving the natural environment, and uplifting the socio-economic conditions of its employees and local communities.

The sustainable development and corporate responsibility programmes of the Group are disclosed on pages 18 to 24.

II. BOARD COMPOSITION

There were six (6) members on the Board of Directors for the financial year ended 31 December 2021, comprising two (2) Executive and four (4) Non-Executive Directors, two (2) of whom are Independent. One (1) of the Executive Directors is the Group CEO and the Chairman is a Non-Independent Non-Executive Director.

The Board, through its NRC, reviews annually the size and composition of the Board and each Board Committee, and the skills and core competencies of its members, to ensure an appropriate balance and diversity of skills and experience. The Board and its NRC, have upon their annual assessment, concluded that the current Board comprises a balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. The Board comprises two (2) Independent Directors. The Board and its NRC have upon their annual assessment, concluded that each of the two (2) Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues fulfil the definition and criteria of independence as set out in the Main Market Listing Requirements.

Tenure of Independent Directors

The Board notes the Code's recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of nine (9) years and if the Board continues to retain the Independent Director after the ninth (9th) year, a two-tier voting process should be applied. The NRC and the Board have deliberated on the said recommendation and hold the view that a Director's independence cannot be determined solely with reference to tenure of service. Instead, a Director's attitude, integrity, business knowledge or judgement, and the discharge of his duties and responsibilities in the best interest of the Group are also valid criteria to determine his independence and effectiveness.

The NRC and the Board have determined that Mr. Lim Lean Eng, who has served on the Board as Independent Director, exceeding a cumulative term of 12 years, remain unbiased, objective and independent in expressing his opinions and in participating in the decision-making of the Board. The length of their service on the Board had not in any way interfered with his objective and independent judgment in carrying out their roles as member of the Board and Committees. Furthermore, his pertinent expertise, skills and knowledge enable him to make contributions actively and effectively to the Company's decision-making during deliberations or discussions.

In this respect, the Board has approved the continuation of Mr. Lim Lean Eng as Independent Director of the Company. The Board is actively sourcing suitable candidates and will consider the appointment of new Independent Directors in 2022.

Board Diversity and Appointment

The Board recognises the benefits of having a diverse Board in order to offer greater depth and breadth to Board discussions and constructive debates at board level.

The Group is an equal opportunity employer and appointments to the Board and employment of Senior Management are based on objective criteria, merit, skills and experience, and may not be driven by gender consideration only.

Currently, the Board does not have any formalised Board Diversity Policy or Gender Diversity Policy. Nonetheless, women representation on the Board and in Senior Management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aims of selecting the best candidates to support the achievement of the Company's strategies objectives.

The Board, together with the senior management would consider various sources, including independent sources if relevant, if it wishes to search for appropriate candidates to fulfil Board positions. The NRC would assess their suitability based on the criteria of the candidates' skills, knowledge, expertise, experience, professionalism and integrity.

Re-election of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting immediately after their appointment. In accordance with the Constitution, one-third (1/3) of the Directors is required for re-election by rotation at each Annual General Meeting. All the Directors are subject to retirement at an interval of at least once in every three (3) years. The Directors who are standing for re-election at the forthcoming Annual General Meeting are disclosed in the notice of Annual General Meeting.

Nomination Committee

The Nomination Committee has been established since 2005. The Nomination Committee merged with the Remuneration Committee and was named as NRC on 1 March 2018. The NRC's responsibility, among others, is to identify and recommend the right candidate with the necessary skills, experience and competencies to be filled in the Board and Board Committees. Recruitment matters are discussed by the NRC before the entire Board makes the final decision on new appointments. The NRC has its written TOR which deals with its authority and duties.

During the financial year ended 31 December 2021, the NRC comprised three (3) Non-Executive Directors, the majority of whom are Independent. The NRC convened two (2) meetings for the financial year under review and the attendance of the members for the meeting held are set out on page 26 above.

A summary of activities undertaken by the NRC in the discharge of its duties for the financial year ended 31 December 2021 is set out below:

1) Reviewed and assessed the performance and made recommendations to the Board for its approval, regarding the Directors who are seeking re-election at the forthcoming Annual General Meeting ("AGM");

2) Reviewed the composition of the Board Committee based on the required mix of skills, experience and other qualities considered important by the Board;

3) Conducted the annual assessment on effectiveness of the Board, the Board Committee and the individual Directors of the Company;

4) Reviewed and assessed the independence of Independent Directors and their tenure of services;

5) Assessed Directors' training needs to ensure all Directors receive appropriate continuous development programmes; and

6) Assessed and recommended to the Board for renewal of service contracts for key senior management Evaluation for Board,

Evaluation for Board, Board Committees and Individual Directors

The Board, through the NRC and facilitated by the Company Secretary, had carried out the annual assessment to evaluate the performance of the Board, its Board Committees and each individual Director during the financial year under review. The assessment for the financial year under review was conducted through a questionnaire which included a combination of open-ended questions and close-ended questions.

In order to encourage open and frank evaluation, the evaluation process was managed by the Company Secretary, who had forwarded the questionnaire to each Director, as well as collated that duly completed forms from each Director. A summary of the results and all feedback received were tabled to the NRC deliberation before appropriate action plans were recommended to the Board for further discussion and approval.

The results of the assessment were properly documented, summarised and reported to the Board. The results of the annual assessment for the financial year under review revealed that the Board and Board Committees had carried out their duties well and amicably with most of the questions rated positively. The Board agreed that it had performed well in these challenging times and was satisfied with its overall performance, with some areas identified for improvements.

The NRC concluded that the Board and Board Committees were satisfied with their existing composition and were of the view that with the current mix of skills, knowledge, experience and strength of the Directors, the Board, respective Board Committees and Directors were able to discharge their duties effectively. Hence, the Board will continue to focus on the identified areas for improvement.

Continuous Development Programme for all Directors

The Directors recognise the importance of continuing development by attending conferences, briefings and workshops to update their knowledge and enhance their skills. All Directors are encouraged to attend various external professional programmes relevant. In this respect, in-house briefings by External Auditors, Company Secretary, Consultant and/o Management are organised from time to time to update Directors on relevant statutory and regulatory requirements and the Group's business and operational practices.

For the financial year under review, Directors have attended various programmes to keep abreast with general economic, industry and technical development as well as changes in legislation and regulations affecting the Group's operations. Particular of various training programmes attended by the Directors during the financial year ended 31 December 2021 are as follows:

Name	Conference/Seminar/Workshop
Executive Directors	
Koh How Loon	• Rethinking the Business Strategies in Driving the Sustainability Agenda • RCEP: From ASEAN and Beyond - How will your business benefit from it? • Entrepreneurs' Wisdom of Winning • Market Outlook 2021: Through the Looking Glass
Chew Boon Swee	• Rethinking the Business Strategies in Driving the Sustainability Agenda
Non-Executive Directors	
Dato' Koh Peng Chor	• Rethinking the Business Strategies in Driving the Sustainability Agenda • Future Market Trends • SME Financing Scheme
Yee Kee Bing	• Rethinking the Business Strategies in Driving the Sustainability Agenda • Budget 2022 - Tax Issues • Budget 2022 and Latest Tax Development
Dr Ch'ng Huck Khoon	• Rethinking the Business Strategies in Driving the Sustainability Agenda • Paving the Way for Profitability through Sustainability • Transformative Innovation Reshaping Business Realities in Extraordinary Times
Lim Lean Eng	• Rethinking the Business Strategies in Driving the Sustainability Agenda • Budget 2022 - Tax Issues • Budget 2022 and Latest Tax Development

III. REMUNERATION

Remuneration Policy and Procedures

The Board has in place a Remuneration Policy for Directors and Senior Management. The Policy establishes a formal and transparent procedure for developing a structure for the remuneration of Directors and Senior Management of the Company with the objective of supporting and driving business strategy and the interests of the Company.

The aim of the Policy is to:

1) Determine the level of remuneration of Directors and Senior Management;
2) Attract, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with their responsibilities and contributions, and be competitive with the industry; and
3) Encourage value creation for the Company by aligning the interests of Directors with the long-term interests of shareholders.

The Board, through the NRC will conduct a periodic review of the criteria to be used in recommending the remuneration package of Directors and Senior Management to ensure that it is in line with current market practices and needs.

Remuneration Committee

The Remuneration Committee has been established since 2005. The Remuneration Committee merged with the Nomination Committee and was named as NRC on 1 March 2018. The NRC's primary responsibility is to structure and review the remuneration policies and procedures for executives of the Group, with a view to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value. The NRC's recommendations on the remuneration package for Senior Management and that for the CEO, are subject to the approval of the Board, and in the case of Non-Executive Directors' fees and benefits, the approval of the shareholders. The NRC has a TOR which deals with its authority and duties.

Directors' Remuneration

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. In the case of the Executive Directors, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. The Non-Executive Directors are paid a meeting allowance for each Board meeting they attend. Similarly, members to Board Committees are also paid a meeting allowance for each Committee meeting they attend. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

Details of Directors' remuneration (including benefits-in-kind) and the aggregate remuneration of Directors at the Company and Group levels during the financial year ended 31 December 2021 are as follows:

	Fees (RM)	Salaries & Bonuses (RM)	Retirement benefits (RM)	Other Emoluments[1] (RM)	Benefits-in-kind (RM)	Total (RM)
Group						
Executive Directors						
Koh How Loon	-	602,532	-	132,426	17,400	752,358
Chew Boon Swee	-	352,800	100,000	24,073	21,250	498,123
Non-Executive Directors						
Dato' Koh Peng Chor	204,000	-	-	10,950	16,100	231,050
Yee Kee Bing	48,000	-	-	3,000	-	51,000
Dr. Ch'ng Huck Khoon	48,000	-	-	7,000	-	55,000
Lim Lean Eng	48,000	-	-	6,000	-	54,000
Total	**348,000**	**955,332**	**100,000**	**183,449**	**54,750**	**1,641,531**
Company						
Executive Directors						
Koh How Loon	-	143,488	-	32,033	-	175,521
Non-Executive Directors						
Dato' Koh Peng Chor	204,000	-	-	10,950	16,100	231,050
Yee Kee Bing	48,000	-	-	3,000	-	51,000
Dr. Ch'ng Huck Khoon	48,000	-	-	7,000	-	55,000
Lim Lean Eng	48,000	-	-	6,000	-	54,000
Total	**348,000**	**143,488**	**-**	**58,983**	**16,100**	**566,571**

(1) Other Emoluments include meeting allowance, lunch subsidy, insurance coverage, employer's Employees Provident Fund, SOCSO and Employment Insurance System contributions.

The detailed remuneration on a named basis of the Senior Management is set out in the table below:

Names	Fees (RM)	Salaries & Bonuses (RM)	Retirement benefits (RM)	Other Emoluments[1] (RM)	Benefits-in-kind (RM)	Total (RM)
Koh How Loon	-	602,532	-	132,426	17,400	752,358
Chew Boon Swee	-	352,800	100,000	24,073	21,250	498,123

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE ("AC")

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management framework of the Group.

The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate, whilst the current Chairman of the AC is a fellow member of the Association of Chartered Certified Accountants (ACCA). The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report of this Annual Report 2021.

Assessment of Suitability, Objectivity and Independence External Auditors

The AC had assessed the suitability, objectivity and independence of the Company's external auditors, Messrs PCCO PLT ("PCCO") and recommended to the Board for shareholders' approval to be sought for the re-appointment of PCCO at the forthcoming AGM in 2022.

Having regard to the outcome of the assessment of PCCO, the Board approved the AC's recommendation that shareholders' approval be sought at the forthcoming AGM for the re-appointment of PCCO as external auditors of the Company for the financial year ending 31 December 2022.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Controls

The Board acknowledges the importance of sound risk management and internal control systems and is supported by the AC and RMC (headed by the CEO) respectively to ensure the risks in the Group are identified and managed with the appropriate risk management system. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

In this respect, the Board is briefed on any potential fraud, whistleblowing and internal audit findings in order to enable them to assess the integrity of the Group's financial information and the adequacy and effectiveness of the Group's system of internal control and risk management processes.

Under the risk management framework, the Board through the RMC sets out the risk appetite of the Group whilst the RMC ensures the effectiveness of risk management and adherence to the risk appetite established by the Board.

Having reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review, the Board is of the view that the risk management and internal control system is satisfactory and there were no material losses incurred during the year as a result of internal control weakness or adverse compliance events. The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report 2021.

Internal Audit Function

The internal audit function is carried out by an in-house Internal Audit Department (IAD) of CNH. The IAD, which reports directly to the AC, is responsible to conduct reviews on the system of internal controls and the effectiveness of the processes that are in place to identify, evaluate, manage and report risks.

An overview of the Group's risk management and state of internal controls is set out in the Statement on Risk Management and Internal Control and AC Report of this Annual Report.

Corporate Ethics and Integrity

Taking cognisance of the introduction of corporate liability by the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group has taken proactive actions to strengthen the Group's internal processes and practices during the financial year under review in order to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct.

The Anti-Bribery and Anti-Corruption Committee has been formed which comprises personnel across several departments who have been monitoring the formulated action plans to mitigate bribery and corruption risks within the Group. During the year under review, training and communication in respect of anti-bribery and anti-corruption had been carried out involving all directors and employees. The Group will review the Group's anti-bribery and corruption programmes periodically or at least once every three (3) years to assess the performance, efficiency and effectiveness.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Company upholds a culture of continuous, timely and equal dissemination of material information with shareholders, stakeholders, media and regulators through practicable and legitimate channels. Its commitment is to maximise transparency consistent with good corporate governance, except where commercial confidentiality dictates otherwise.

Effective Dissemination of Information

Announcements and release of financial results on a quarterly basis are posted on the Company's website, which will provide the shareholders and the investing public with an overview of the Group's performance and operations.

The Company's website is freely accessible to the public at www.citranusaholdings.com.

Investor Relations

The Board recognizes the importance of keeping shareholders, investors, research analysts, bankers and the press informed of the Group's business performance, operations and corporate developments. The Board's primary contact with major shareholders is via the Group CEO and the Corporate Communication Manager, who have regular dialogues with institutional investors and deliver presentations to analysts periodically.

The Company's website, www.citranusaholdings.com serves as a channel of communication for shareholders, investors and the general public. Information such as disclosures made to Bursa Malaysia (including interim and full year financial results, Annual Report and other announcements on relevant transactions undertaken by the Group), Company Profile, Corporate Information, the respective TOR of the AC, NRC and RMC etc, can be obtained from the website. Requests for information on the Company can be forwarded to its dedicated Corporate Communication Manager through the same website.

Compliance with Applicable Financial Reporting Standards

The Board takes due care and responsibility for presenting a fair, balanced and comprehensible assessment of the Group's operations, performance and prospects each time it releases its quarterly and annual financial statements to shareholders and the general public. The AC plays a crucial role in reviewing information to be disclosed to ensure its accuracy, adequacy, transparency and compliance with the appropriate accounting standards and the financial statements give a true and fair view of the state of affairs of the Company and the Group.

In respect of the financial statements for the financial year ended 31 December 2021, the Directors have:
- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Ensured that all applicable accounting standards have been followed, subject to any explanations disclosed in the notes to the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act 2016. They have an overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

II. CONDUCT OF GENERAL MEETINGS

Shareholders' Participation at AGMs

The AGM, which is held in May each year, is the principal forum for dialogue and interaction with the shareholders of the Company, where they may present their views or to seek clarification on the progress, performance and major developments of the Company. The Board encourages shareholders' active participation at the Company's AGM and endeavours to ensure all Board members, the Company's Senior Management and the External Auditors are in attendance to respond to shareholders' queries. Where it is not possible to provide immediate answers to shareholders' queries, the Board will undertake to provide the answers after the AGM.

The Board strives to ensure that shareholders are able to participate effectively at the Company's AGMs. In circumstances where there are movement controls and travel restrictions imposed by the Government, the Company has the option to conduct its General Meetings virtually through live streaming and online remote voting using the Remote Participation and Voting Facilities. This is so provided by the Constitution of the Company which allows for General Meetings of the Company to be held using any technology or electronic means.

Interaction between Directors and Shareholders during General Meetings

At General Meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. Shareholders are also informed of the rules, including the voting procedures that govern the General Meetings.

The Company had conducted its 32nd AGM on a virtual basis through video conference and online remote voting using the Remote Participation and Voting facility. The virtual meeting had enabled shareholders to participate remotely and safely from whenever they were.

Shareholders who were not able to participate in the AGM were allowed to appoint any person(s) as their proxies to participate remotely and vote online on the shareholders behalf at the general meetings. Shareholders were also invited to ask questions during the meeting. All suggestions and comments given by the shareholders were noted by the Board for consideration.

All resolutions set out in the notice of the AGM were voted remotely by poll and an independent scrutineer was appointed to validate the votes for each resolution. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the outcome of the meetings were released to Bursa Malaysia Securities Berhad on the same meeting day. The minutes of the AGM (including the Questions raised at the meeting and the Answers thereto) were made available on the Company's website at www.citranusaholdings.com.

This Statement was approved by the Board of Directors on 15 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to the 15.26 (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the Board of Directors (Board) is pleased to provide the Statement on Risk Management and Internal Control for the financial year ended 31 December 2021 which was prepared in accordance with Practice 9.1 and 9.2 of the Malaysia Code of Corporate Governance (MCCG) and the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

BOARD'S RESPONSIBILITY

The Board has established a risk management framework and maintains a sound, effective and efficient system of risk management and internal control to safeguard shareholders' investment and the Group's assets. As such, continuous review of processes is undertaken by the Board to ensure adequacy and integrity of the system.

The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance matters. The Board recognizes that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, rather than absolute assurance against material misstatement of management and financial information, financial loss, fraud and breaches of laws or regulations.

The Board does not regularly review the internal control system of the associate company as the Board does not have direct control over their operations. Notwithstanding the above, the Group interest is served through representation on the Board of the associate company and review of the management accounts and enquiries thereon.

The Board has reviewed and received assurance from the Group CEO and the Senior Manager, Corporate Finance and Treasury that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review.

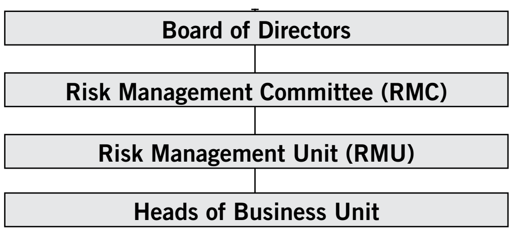
RISK MANAGEMENT

The Board has put in place an Enterprise Risk Management (ERM) framework to pursue a disciplined, comprehensive and integrated approach to risk management. By adopting a proactive risk management culture and with the appropriate tools, the Board aims to manage business risks effectively and mitigate its risk exposures.

The Group's ERM framework is based on the internationally recognised COSO (Committee of Sponsoring Organizations). Risk factors are incorporated into the risk register and individually rated as High, Significant, Moderate or Low risk. The rating process is guided by a matrix of "likelihood" and "impact", of which both financial and non-financial impacts are duly considered. Thereafter, the risk owners will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks and to design and implement relevant controls in response to the risks.

For this, a Risk Management Unit ("RMU") and a Risk Management Committee ("RMC") have been established by the Group. The risk reporting structure of the risk management of the Group is illustrated as follows:



<u>Risk Management Unit</u>

The Risk Management Unit ("RMU") of the Group comprises the Executive Management and Senior Manager, Corporate Finance & Treasury. The RMU undertakes the following responsibilities:

- To communicate board strategy, policy, responsibilities and reporting lines to all employees across the Group;
- To identify and communicate to the RMC the critical risks (present or potential) the Group faces, their changes and the management action plans to manage the risks; and
- To perform risk oversight and review risk profiles (Company and the Group) and organisational performance.

Risk Management Committee

- To create a high-level risk strategy policy aligned with the Company's strategies business objectives;
- To perform risk oversight and review risk profiles (Company and the Group) and organisational performance; and
- To provide guidance to the business unit's risk appetite and capacity and other criteria, which, when exceeded, trigger an obligation to report upward to the Board.

The RMU facilitates and supervises the implementation of the ERM framework and processes by the respective business units. The RMU Chairman reports to the RMC.

During the financial year under review, the Group's activities were exposed to the following principal risks:.

COVID-19 Pandemic

Since the Government enforced a Movement Control Order (MCO) on 18 March 2020, the RMU has been embarking on regular meetings and closely monitoring the impact of COVID-19 on the Group's operations. The HQ and marketing company have adopted a mobile workforce and work from home concept in order to minimise the risk of the spread of COVID-19 among employees. For our manufacturing companies, we had assured sufficient product supplies for our customers and strictly adhered to the standard operating procedure (SOP) set by the Government. The priority is to ensure the health and safety of our employees and customers.

Operations Risk

The Group had appropriate systems with adequate capacity, security arrangements, facilities and resources in place to mitigate risks that could cause interruptions to the Group's critical business functions. The operational risk management range from disease outbreak, data security, product quality and distribution centre operations' risks. The management of the Group's day-to-day operational risks are mainly decentralised at the respective business units level and guided by standard operating procedures (SOPs).

Financial Risk

The Group is exposed to some financial risks such as credit risk and cash flow risk. These financial risks are mitigated through internal control processes and constant monitoring.

Regulatory Risk

The Group's businesses are governed by relevant laws, regulations and government policies which may affect its operations. In this respect, the Group regularly assesses the impact of new laws and regulations affecting its businesses to ensure the processes and infrastructure settings are able to cater for the new requirements.

KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group's operations as follows:

1. The group has clearly defined lines of responsibilities and authorization for day-to-day operations and accountability. A Delegated Authority Policy has been established and adopted within the Group to promote better control, accountability and corporate governance over operational, strategic and investment decisions.

2. Annual result planning and budget of respective units are submitted to the Board for approval.

3. The Group's Executive Management Committee conducts meetings with the Head of Subsidiaries to review the business performance of the Group. Business objectives and financial performance are reviewed and monitored in the meeting. Explanation is provided for any major variances and action plan is formulated to increase likelihood of achieving the budgeted financial performance. Potential business risks and opportunities were highlighted and discussed in the meetings.

4. The Board oversees the conduct of the Group's operations through various management meetings and reporting mechanisms. Management Meeting and financial reports are prepared by the Management and reported to the Group CEO for review and decision-making purposes.

5. The Board reviews the Group's financial performance against the budget on a quarterly basis with detailed explanation of any major variances.

6. Manufacturing segment of the Group are governed by the Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001: 2018), Food Safety Management System (ISO 22000: 2018), Food Safety System Certification 22000 FSSC 22000 (Version 5), Hazard Analysis & Critical Control Point (MS 1480:2007) and Good Manufacturing Practice (GMP) for food (MS 1514:2009) to ensure consistency of the product quality produced.

7. Employees are briefed on Code of Business Ethics during induction. They are required to sign and adhere to the Code of Business Ethics, which sets out the policy stand on the conduct of business and the standards of behaviour / ethical conduct expected of the employees.

8. The Employee's Performance Appraisal System is linked to their OKR (Objectives and Key Results) which are aligned to the company's business goals and financial targets respectively.

9. The Human Resource Management has arranged and facilitated regular internal and external training programmes for its employees in relation to their respective areas of work.

10. The Group has established a Crisis Communication Policy with the objective of handling effectively the flow and dissemination of communication to the external parties such as media, government agencies and the Group's other stakeholders during a crisis.

11. The Board has adopted a whistleblower policy which provides an avenue for any persons namely employees, directors or external parties to report any improper conduct, including fraud, corruption, bribery or blackmail, criminal offences against any employee or director, in a safe and confidential manner.

12. The Board has adopted the Anti-Bribery & Anti-Corruption Policy on 20 May 2020 in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC). The Policy and guidelines set out the Group's stance on areas relevant to fraud, bribery and corruption; business associates and employees are expected to adhere to the highest levels of integrity and ethics.

Internal Audit Function

Pursuant to Paragraph 15.27 of MMLR, the Board has established an internal audit function which reports directly to the Audit Committee. The Internal Audit function undertakes regular reviews of the Group's operations, risk management and the systems of internal control. Regular reviews are carried out on the business processes to examine and evaluate the adequacy and efficiency of financial and operating control during the year.

Significant risks and non-compliance impacting the Group are highlighted and where applicable, recommendations are provided to improve on the effectiveness of risk management, internal control system and governance processes. The internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and Management responses were presented to the Audit Committee. Further details of the internal audit function are set out in the Audit Committee Report on page 38 to 40 of this Annual Report.

Conclusion

The Board is of the opinion that that system of internal control and risk management processes are adequate and effective for the financial year under review, and up to the date of approval of this Statement, for identifying, evaluating and managing the significant risks faced by the Group and this process is regularly reviewed by the Board to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's risk management and internal control system.

During the current financial year, there were no major weaknesses of internal control which result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

This Statement was approved by the Board of Directors on 15 April 2022.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee ("AC") comprises three members, all of whom are Non-Executive Directors ("NEDs"); two being Independent NEDs. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The AC Chairman, Mr. Lim Lean Eng is a fellow member of the Association of Chartered Certified Accountants (ACCA). Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

The Terms of Reference of the AC was reviewed and updated to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance (MCCG).

ATTENDANCE AND MEETINGS

The AC members and their attendance at the AC meetings held during the financial year ended 31 December 2021 are as follows:

Members	Number of Meetings Attended
Lim Lean Eng Chairman, Independent Non-Executive Director	5/5
Dr. Ch'ng Huck Khoon Member, Independent Non-Executive Director	5/5
Dato' Koh Peng Chor Member, Non-Independent Non-Executive Director	5/5

The AC held five (5) meetings in 2021 without the presence of other Directors and employees, except in situations when the AC requested for their attendance. The Group Chief Executive Officer (CEO) was invited to all AC meetings to facilitate direct communication and provide clarification on audit issues and the Group's operations. The Head of Internal Audit Department (IAD) attended all AC meetings to table the respective Internal Audit (IA) reports. The relevant responsible Management members of the respective auditees were invited to brief the AC on specific issues arising from the audit reports or on any matters of specific interest.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation. In 2021, the AC Chairman presented to the Board the Committee's recommendations to approve the annual and quarterly financial statements. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the external auditors or internal auditors in the respective quarterly presentations.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the AC carries out its duties as set out in its Terms of Reference. The main activities undertaken were as follows:

Financial Reporting

1. Reviewed the quarterly unaudited financial results of the Group to ensure compliance with the Listing Requirements, applicable approval accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors;
2. Reviewed the audited financial statements of the Group to ensure compliance with the applicable approval accounting standards and other statutory and regulatory requirements with the external auditors prior to submission to the Board for their consideration and approval;
3. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.

External Audit

During the year, the AC together with the external auditors:

1. Reviewed 2021 audit plan and scope of work for the Group;
2. Reviewed the audit fees, the number of experience of audit staff assigned to the audit engagement, resources and effectiveness of the external auditors;

3. Reviewed the performance of external auditors, their suitability, independence and objectivity;
4. Discussed on audit report and evaluation of the systems of the internal controls;
5. Reviewed major audit findings and reservations arising from the interim and final audits, significant accounting issues and any matter the external auditors may wish to discuss;
6. Reviewed the results of the audit of the financial statements and their report as well as the management's responses.

During the year, the AC had evaluated the new external auditors, Messrs PCCO PLT by considering their qualification, credentials, reputation and experience prior to official engagement. Subsequently, the AC recommended to the Board for approval for the appointment of PCCO as the new external auditors of the Company for the financial year ended 31 December 2021.

The AC had 2 private meetings with the external auditors without the presence of the CEO, Management and internal auditors. The AC enquired about the Management's and staff's co-operation with the external auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions. The AC viewed coordination and sharing of information and feedback amongst the external auditors, Finance and Internal Audit personnel would continuously improve and maximise efficiency in audits. The AC Chairman also reiterated to the external auditors to contact him at any time should they be aware of incidents or matters in the course of their audits or reviews that needs his attention or that of the AC or the Board.

The external auditors had in their presentation of the external auditors' report to the AC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statement of the Group for the financial year 2021.

The external auditors' non-audit service fees and the statutory audit fees are available on page 139 of this Annual Report.

Internal Audit ("IA")

During the year, the AC:

1. Reviewed and approved the risk-based annual audit plan to ensure adequate scope and coverage on the activities of the Company and the Group;
2. Reviewed and deliberated on the IA reports and to monitor / follow-up on remedial action;
3. Reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on timely basis;
4. Reviewed the adequacy of resource requirements and competencies of staff within IAD function to execute the annual audit plan and the results of the work;
5. Reviewed the effectiveness of IA processes and the resources allocated to IAD;
6. Reviewed the AC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to their inclusion in the Company's Annual Report; and
7. Reviewed the Anti-Bribery and Anti-Corruption Policy and procedures in compliance with Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009.

Related Party Transactions

1. Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for the Board's approval;
2. Monitored the related party transactions entered by the Company and the Group pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 11 May 2021; and
3. Reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.

INTERNAL AUDIT FUNCTION

Para 15.27 Listing Requirement states that a listed issuer must establish an internal audit function which is independent of the activities and reports to the AC. In compliance to that, an in-house IA function has been established and the scope, responsibilities and authority of the IA activity are defined in the IA Charter approved by the AC.

The IAD is led by the Head of Internal Audit, which reports to the AC. The Head of Internal Audit is a Chartered Accountant of Malaysian Institute of Accountants (MIA) and a Certified Internal Auditor. She is also a Chartered Member of Institute of Internal Auditor Malaysia.

The principal objective of IAD is to undertake regular and systematic review of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group.

The IA personnel are free from any relationships or conflicts of interests which could impair their objectivity and independence in carrying out the function. IA personnel are able to access information to enable it carry out its functions effectively. The AC is satisfied that the internal auditors' independence has been maintained as adequate.

IAD adopts a risk-based methodology in planning and conducting audits by focusing on key risk areas and activities that are aligned with the Group's strategic plans. IA function is carried out according to the International Professional Practices Framework (IPPF) where applicable. The IA Plan 2021 was reviewed and approved by the AC.

During the year, IAD has completed and issued the IA reports based on approved annual audit plan and ad hoc request from the AC and Management. The audit assignments covered various operations management of the selected subsidiaries and risk management review within the Group. The reports are issued to the AC, Executive Directors and the respective operations management, incorporating audit recommendations and Management's responses with regards to any audit finding on the weaknesses in the systems and controls of the operations.

The AC received quarterly reports and status of management actions from the IAD on audit reviews carried out, management's response to the findings and progress status in rectifying the identified issues. The management were made responsible and ensured that corrective actions on the control deficiencies were taken within the required time frame. IAD conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.

The total costs incurred for the IA function for the financial year ended 31 December 2021 was approximately RM140,000. The AC reviewed and approved the IAD budget and human resource requirements to ensure that the function is adequately resourced.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 (Act) to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysia Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), the requirements of the Act in Malaysia, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

DIRECTORS' REPORT

DIRECTORS' REPORT
for the financial year ended 31 December 2021

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 14 to the financial statements. There have been no significant changes in the nature of this activities of the Company and the subsidiary companies during the financial year.

CHANGE OF NAME

The Company has changed its name from CNI Holdings Berhad to Citra Nusa Holdings Berhad on 25 May 2021.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	431,290	(160,050)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year.

SHARE CAPITAL

The Company did not issue any shares or debentures during the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

TREASURY SHARES

During the year, the Company resell its entire 7,357,100 ordinary shares which was held as treasury shares. Further details are disclosed in Note 25 to the financial statements.

DIRECTORS

No dividend has been paid or declared by the Company since the end of previous year. The Directors do not recommend any dividend in respect of the current financial year.

Directors of the Company:

Dato' Koh Peng Chor
Dr. Ch'ng Huck Khoon
Chew Boon Swee
Koh How Loon
Lim Lean Eng
Yee Kee Bing

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries of the Company since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:

Koh Tiah Siew
Koh Teng Kiat
Soo Wei Huey
Thong Lai Yeen
Chu Yang Ang
Jean Chuen-Jiang
Chan Kok Liang

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 1.1.2021 Unit	Bought Unit	Sold Unit	At 31.12.2021 Unit
Company				
Direct interests				
Dato' Koh Peng Chor	5,028,680	-	-	5,028,680
Chew Boon Swee	1,128,614	-	-	1,128,614
Koh How Loon	1,679,180	-	-	1,679,180
Indirect interests				
Dato' Koh Peng Chor	373,983,483	-	-	373,983,483
Chew Boon Swee	6,534,120	-	-	6,534,120
Koh How Loon	370,671,643	-	-	370,671,643
Dr. Ch'ng Huck Khoon	1,000	-	-	1,000
Lim Leang Eng	62,520	-	-	62,520
Ultimate holding company				
Direct interests				
Dato' Koh Peng Chor	71,660	-	-	71,660
Chew Boon Swee	7,902	-	-	7,902
Indirect interests				
Dato' Koh Peng Chor	137,989	-	-	137,989
Koh How Loon	137,989	-	-	137,989

By virtue of their interests in the Company, directors are deemed to be interested in the related corporations to the extent of their interests in the Company.

Other than as disclosed, none of the directors in office at the end of the financial year has any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits disclosed as directors' remuneration under Note 7(a) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 32 to the financial statements.

Neither at the end of the financial year, nor at anytime during the financial year, did there subsist any arrangement to which the Company is a party, being arrangements with the object or objects of enabling directors to acquire benefits by means of the acquisition of shares in the Company or shares in, or debentures of any other body corporate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to amounts which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:

   (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) As at the date of this report, there does not exist:

   (i) any charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

   (ii) any contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

(e) No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

(f) In the opinion of the directors:

   (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

This is as disclosed in Note 36 to the financial statements.

EVENTS SUBSEQUENT TO THE REPORTING DATE

This is as disclosed in Note 37 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Marvellous Heights Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

SUBSIDIARIES

Details of subsidiaries are set out in Note 14 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

The auditors, PCCO PLT, have indicated their willingness to continue in office.

On behalf of the board.

KOH HOW LOON

CHEW BOON SWEE

Kuala Lumpur
Date: 25 April 2022

STATEMENT BY DIRECTORS & STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 51 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed in accordance with a resolution of the Board

KOH HOW LOON

CHEW BOON SWEE

Kuala Lumpur
Date: 25 April 2022

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, Foong Lai Kwan, being the officer responsible for the financial management of Citra Nusa Holdings Berhad (formerly known as CNI Holdings Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 51 to 137 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

FOONG LAI KWAN

Subscribed and solemnly declared at Kuala Lumpur, Wilayah Persekutuan on 25 April 2022

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CITRA NUSA HOLDINGS BERHAD (formerly known as CNI Holdings Berhad)
198901004452 (181758-A)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Citra Nusa Holdings Berhad (formerly known as CNI Holdings Berhad), which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – loss allowance

Loss allowance

Per the Group's and the Company's accounting policy as stated in Note 2(q)(iii) – impairment and as explained in Note 3(a), the Group and the Company apply the lifetime expected credit losses on trade receivables using a provision matrix. As explained in Note 1(d), this is based on management's experiences and judgements.

Our audit procedures are as follows:

We discussed with management to understand the methodology used for Group's and the Company's expected credit losses policy and the assumptions applied. We evaluated the assumptions applied with reference to but not limited to the days past due and the historical payment profiles. We assessed the potential risk for management biasness. We also assessed trade receivables that may require to be impaired further. We found no errors in the calculation and the methodology has no indication of management biasness. In addition, the disclosures are adequate.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiary of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PCCO PLT (LLP0000506-LCA)
No. AF 1056
Chartered Accountants

CHUAH SUE YIN
No. 02540/04/2024 J
Chartered Accountant

Kuala Lumpur
Date: 25 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended
31 December 2021

	NOTE	2021 RM	2020 RM
REVENUE	6	74,132,479	67,689,917
COST OF SALES		(31,242,902)	(29,146,789)
GROSS PROFIT		42,889,577	38,543,128
OTHER INCOME		3,013,351	2,952,457
DISTRIBUTION COSTS		(28,293,538)	(26,316,901)
ADMINISTRATIVE EXPENSES		(13,630,752)	(12,489,201)
OTHER EXPENSES		(1,468,130)	(1,731,242)
FINANCE COSTS		(130,122)	(125,426)
SHARE OF LOSSES IN ASSOCIATE COMPANIES		(318,740)	(75,608)
PROFIT BEFORE TAXATION	7	2,061,646	757,207
TAXATION	8	(1,630,356)	(331,441)
PROFIT FOR THE YEAR		431,290	425,766
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		81,968	115,571
Share of other comprehensive income in associate companies		(5,685)	25,360
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		76,283	140,931
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		507,573	566,697

	NOTE	2021 RM	2020 RM
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		656,751	584,406
Non-controlling interests		(225,461)	(158,640)
		431,290	425,766
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		689,276	679,840
Non-controlling interests		(181,703)	(113,143)
		507,573	566,697
EARNINGS PER SHARE (sen)			
- basic	9	0.09	0.08
- diluted	9	0.09	0.08

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For The Financial Year Ended 31 December 2021

	NOTE	2021 RM	2020 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	31,977,549	33,820,871
Investment properties	11	5,104,000	2,424,000
Intangible assets	12	1,377,895	831,139
Other investments	13	500,001	500,001
Associate companies	15	-	-
Investment in preference shares	16	-	2,311,228
Trade receivables	20	1,701,043	2,392,969
Deferred tax assets	17	78,002	550,469
Goodwill on consolidation	18	-	-
		40,738,490	42,830,677
CURRENT ASSETS			
Inventories	19	14,341,463	13,648,546
Trade receivables	20	5,968,316	7,697,446
Other receivables	21	2,647,150	2,716,305
Tax recoverable		119,531	152,272
Investments in preference shares	16	3,450,000	1,046,637
Short term funds	22	12,511,568	9,195,249
Cash and cash equivalents	23	10,266,612	9,132,988
		49,304,640	43,589,443
TOTAL ASSETS		90,043,130	86,420,120
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	24	72,000,000	72,000,000
Treasury shares	25	-	(1,725,523)
Foreign currency translation reserve	26	62,779	30,254
Legal capital reserve	27	178,989	178,989
Accumulated losses		(859,452)	(1,325,671)
		71,382,316	69,158,049
Non-controlling interests		1,250,845	1,432,548
TOTAL EQUITY		72,633,161	70,590,597

	NOTE	2021 RM	2020 RM
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	28	1,196,252	1,135,042
CURRENT LIABILITIES			
Lease liabilities	28	1,087,715	1,194,774
Trade payables	30	3,975,839	3,098,759
Other payables	31	11,110,575	10,387,488
Taxation		39,588	13,460
		16,213,717	14,694,481
TOTAL LIABILITIES		17,409,969	15,829,523
TOTAL EQUITY AND LIABILITIES		90,043,130	86,420,120

The accompanying notes are an integral part of these financial statements.

2020	Share capital RM	Legal capital reserve (Note 27) RM	Foreign currency translation reserve (Note 26) RM	Treasury shares (Note 25) RM	Accumulated loses RM	Total RM	Non-controlling interests RM	Total RM
	← Attributable to owners of the Parent →							
Balance at 1 January 2020	72,000,000	178,989	(128,326)	(1,725,523)	(1,910,077)	68,415,063	1,545,691	69,960,754
Profit/(loss) for the year	-	-	-	-	584,406	584,406	(158,640)	425,766
Other comprehensive income /(loss):								
Exchange differences on translation	-	-	70,074	-	-	70,074	45,497	115,571
Share of other comprehensive income in associate companies	-	-	25,360	-	-	25,360	-	25,360
Total comprehensive income/(loss)	-	-	95,434	-	584,406	679,840	(113,143)	566,697
Transactions with owners:								
Realisation of translation reserve on disposal of a subsidiary company	-	-	63,146	-	-	63,146	-	63,146
Total transactions with owners	-	-	63,146	-	-	63,146	-	63,146
Balance at 31 December 2020	72,000,000	178,989	30,254	(1,725,523)	(1,325,671)	69,158,049	1,432,548	70,590,597

The accompanying notes are an integral part of these financial statements.

	Attributable to owners of the Parent							
2021	Share capital RM	Legal capital reserve (Note 27) RM	Foreign currency translation reserve (Note 26) RM	Treasury shares (Note 25) RM	Accumulated loses RM	Total RM	Non-controlling interests RM	Total RM
Balance at 1 January 2021	72,000,000	178,989	30,254	(1,725,523)	(1,325,671)	69,158,049	1,432,548	70,590,597
Profit/(loss) for the year	-	-	-	-	656,751	656,751	(225,461)	431,290
Other comprehensive income/(loss):								
Exchange differences on translation	-	-	38,210	-	-	38,210	43,758	81,968
Share of other comprehensive income in associate companies	-	-	(5,685)	-	-	(5,685)	-	(5,685)
Total comprehensive income/(loss)	-	-	32,525	-	656,751	689,276	(181,703)	507,573
Transactions with owners:								
Resale of treasury shares	-	-	-	1,725,523	(190,532)	1,534,991	-	1,534,991
Total transactions with owners	-	-	-	1,725,523	(190,532)	1,534,991	-	1,534,991
Balance at 31 December 2021	72,000,000	178,989	62,779	-	(859,452)	71,382,316	1,250,845	72,633,161

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended
31 December 2021

	NOTE	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,061,646	757,207
Adjustments for:			
Reversal of fair value adjustment on trade receivables		(118,214)	-
Intrinsic interest income		(36,753)	-
Inventories written down		685,401	-
Amortisation of intangible assets		293,011	134,365
Bad debts written off		279,087	234,682
Depreciation of property, plant and equipment		2,796,571	2,946,338
Dividend income from preference shares		-	(621,824)
Fair value changes on investment properties		(84,922)	125,550
Fair value adjustment on investment in preference shares		(142,135)	142,135
Fair value adjustment on deferred trade receivables		123,968	152,905
Loss/(gain) on disposal of a subsidiary company		1,785	(280,055)
(Gain)/loss on disposal of property, plant and equipment		(26,513)	38,446
Loss allowances on:			
- Other receivables		284,985	44,342
- Trade receivables		16,077	417,680
Intangible assets written off		146	1,568
Interest expenses		130,122	125,426
Interest income		(46,617)	(228,340)
Inventories written off		150,540	751,379
Property, plant and equipment written off		155,755	7,668
Retirement benefit expense		-	39,767
Reversal of impairment loss on:			
- Property, plant and equipment		-	(1,006)
- Investment in an associate		(324,426)	(50,958)
Reversal of inventories written down		(585,446)	(649,549)
Share of results of associate companies		318,740	75,608
Unrealised loss on foreign exchange		54,644	194,888
Reversal of accruals no longer required		-	(193,969)
Reversal of loss allowances on:			
- Trade receivables		(489,455)	(22,795)
- Other receivables		(73,697)	(15,691)

	NOTE	2021 RM	2020 RM
Waiver of debt on amount owing to trade payables		-	(38,318)
Short term leases		1,009,651	975,649
Dividend income from short term funds		(190,581)	(160,623)
Expired ROU assets		2,082	-
Expired lease liabilities		(2,090)	-
Fair value changes on short term funds		101,092	22,638
Gain on disposal of short term funds		(52,357)	(2,051)
Profit before working capital changes		6,292,097	4,923,062
Working capital changes:			
Inventories		(1,860,662)	292,330
Trade and other receivables		3,751,247	(279,784)
Trade and other payables		1,237,127	67,157
Cash inflows from operations		9,419,809	5,002,765
Short term leases paid		(1,009,651)	(975,649)
Dividend received		-	621,824
Interest received		46,617	228,340
Interest paid		(130,122)	(125,426)
Tax paid		(1,098,478)	(658,153)
Tax refunded		-	72,648
Net cash inflows from operating activities		7,228,175	4,166,349
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from short term funds		190,581	160,623
Proceeds from redemption of preference shares		50,000	-
Purchase of short term funds		(11,536,092)	(4,686,589)
Proceeds from disposal of property, plant and equipment		236,821	260,516
Purchase of intangible assets		(277,281)	(185,650)
Purchase of property, plant and equipment	A	(658,787)	(451,058)
Net cash outflow of disposal of a subsidiary	B	(3,330)	(35,607)
Proceeds from disposal of short term funds		8,171,038	2,690,566
Purchase of investment property		(2,595,078)	-
Net cash outflows from investing activities		(6,422,128)	(2,247,199)

	NOTE	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	C	(1,226,155)	(1,370,742)
Proceeds from resell of treasury shares		1,534,991	-
Net cash inflows/(outflows) from financing activities		308,836	(1,370,742)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		18,741	16,482
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,114,883	548,408
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,132,988	8,568,098
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	10,266,612	9,132,988

A. PROPERTY, PLANT AND EQUIPMENT

	2021 RM	2020 RM
During the year, the Company acquired the property, plant and equipment by:		
Cash	658,787	451,058
Lease arrangement	795,813	1,201,938
	1,454,600	1,652,996

B. SUMMARY OF EFFECT OF DISPOSAL OF A SUBSIDIARY COMPANY

	2021 RM	2020 RM
Total assets	5,115	749,589
Total liabilities	(3,330)	(1,092,790)
Net assets/(net liabilities) disposed	1,785	(343,201)
Realisation of translation reserve on disposal of a subsidiary company	-	63,146
Loss/(gain) on disposal of a subsidiary company	1,785	(280,055)
Cash outflow arising from disposal:		
Cash and cash equivalents of the subsidiary company disposed	(3,330)	(35,607)
Net cash outflow on disposal	(3,330)	(35,607)

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2021	As at 1 January 2021 RM	Additions RM	Non-cash movement RM	Modification of lease RM	Cash flows movement RM	As at 31 December 2021 RM
Lease liabilities	2,329,816	795,813	3,426	381,067	(1,226,155)	2,283,967

2020	As at 1 January 2020 RM	Additions RM	Non-cash movement RM	Cash flows movement RM	As at 31 December 2020 RM
Lease liabilities	2,498,570	1,201,938	50	(1,370,742)	2,329,816

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended
31 December 2021

	NOTE	2021 RM	2020 RM
REVENUE	6	1,543,094	1,543,094
DIRECT OPERATING COSTS		(2,896)	(3,776)
GROSS PROFIT		1,540,198	1,539,318
OTHER INCOME		424,001	2,717,205
ADMINISTRATIVE EXPENSES		(1,934,645)	(2,080,360)
OTHER EXPENSES		(189,604)	(423,049)
FINANCE COSTS		-	(1,190)
(LOSS)/PROFIT BEFORE TAXATION	7	(160,050)	1,751,924
TAXATION	8	-	-
(LOSS)/PROFIT FOR THE YEAR		(160,050)	1,751,924
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(160,050)	1,751,924
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		(160,050)	1,751,924
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		(160,050)	1,751,924

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As At 31 December 2021

	NOTE	2021 RM	2020 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	114,787	156,591
Investment properties	11	1,980,000	1,800,000
Intangible assets	12	4,529	5,638
Other investments	13	1	1
Subsidiary companies	14	81,646,530	81,646,530
Associate companies	15	-	-
		83,745,847	83,608,760
CURRENT ASSETS			
Trade receivables	20	985,226	691,514
Other receivables	21	2,788,972	3,230,540
Short term funds	22	3,455,447	1,931,655
Cash and cash equivalents	23	842,834	895,146
		8,072,479	6,748,855
TOTAL ASSETS		91,818,326	90,357,615
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	24	72,000,000	72,000,000
Treasury shares	25	-	(1,725,523)
Retained profits		19,598,432	19,949,014
TOTAL EQUITY		91,598,432	90,223,491
LIABILITIES			
CURRENT LIABILITIES			
Other payables	31	219,894	134,124
TOTAL LIABILITIES		219,894	134,124
TOTAL EQUITY AND LIABILITIES		91,818,326	90,357,615

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
As At 31 December 2021

	Attributable to owners of the Parent			
	Share capital RM	Treasury shares RM	Retained profits RM	Total RM
Balance at 1 January 2020	72,000,000	(1,725,523)	18,197,090	88,471,567
Profit for the year	-	-	1,751,924	1,751,924
Total comprehensive income	-	-	1,751,924	1,751,924
Balance at 31 December 2020	72,000,000	(1,725,523)	19,949,014	90,223,491
Balance at 1 January 2021	72,000,000	(1,725,523)	19,949,014	90,223,491
Loss for the year	-	-	(160,050)	(160,050)
Total comprehensive loss	-	-	(160,050)	(160,050)
Transactions with owners:				
Resale of treasury shares	-	1,723,523	(190,532)	1,534,991
Total transactions with owners	-	1,723,523	(190,532)	1,534,991
Balance at 31 December 2021	72,000,000	-	19,598,432	91,598,432

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For The Financial Year Ended
31 December 2021

	NOTE	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(160,050)	1,751,924
Adjustments for:			
Amortisation of intangible assets		1,109	1,381
Bad debts written off		-	89,632
Depreciation of property, plant and equipment		43,867	61,267
Dividend income received from short term funds		(58,077)	(60,876)
Fair value (gain)/loss on investment properties		(180,000)	180,000
Loss on disposal of property, plant and equipment		-	43,944
Loss allowances on:			
- Other receivables		1,246	44,342
- Amounts due from subsidiary companies – trade		-	57,273
Reversal of loss allowance on:			
- Amounts due from subsidiary companies – non-trade		(28,187)	(48,441)
- Amounts due from subsidiary companies – trade		(57,273)	-
Fair value changes on short term funds		29,285	8,042
Interest expense on lease liabilities		-	1,190
Interest income from:			
- deposits places with licensed banks		(5,450)	(7,979)
- amount due from a subsidiary company		(936)	(112,196)
Property, plant and equipment written off		2	2
Reversal of impairment loss on investment in a subsidiary company		-	(1,225,156)
Unrealised loss on foreign exchange		2,425	7,166
Waiver of debt on amount due to a subsidiary company		-	(1,165,818)
Short term leases		104,880	158,018
Loss before working capital changes		(307,159)	(216,285)
Working capital changes:			
Trade and other receivables		(89,379)	(166,076)
Trade and other payables		67,669	118,814
Cash outflows from operations		(328,869)	(263,547)

	NOTE	2021 RM	2020 RM
Interest received		6,386	120,175
Interest paid		-	(1,190)
Short term leases paid		(104,880)	(158,018)
Net cash outflows from operating activities		(427,363)	(302,580)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from short term funds		58,077	60,876
Proceeds from disposal of short term funds		929,164	-
Proceeds from disposal of property, plant and equipment		-	149,870
Purchase of short term funds		(2,482,241)	(50,975)
Purchase of property, plant and equipment		(2,065)	(4,156)
Repayment of advances from subsidiary companies		319,024	10,257
Net cash (outflows)/inflows from investing activities		(1,178,041)	165,872
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiary company	A	18,101	-
Repayment of lease liabilities	A	-	(15,548)
Proceeds from resale of treasury shares		1,534,991	-
Net cash inflows/(outflows) from financing activities		1,553,092	(15,548)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(52,312)	(152,256)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		895,146	1,047,402
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	842,834	895,146

A. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2021	As at 1 January 2021 RM	Cash flows movement RM	As at 31 December 2021 RM
Amounts due to subsidiary companies	-	18,101	18,101

2020	As at 1 January 2020 RM	Cash flows movement RM	As at 31 December 2020 RM
Lease liabilities	15,548	(15,548)	-

The accompanying notes are an integral part of these financial statements.

1. BASIS OF PREPARATION

Citra Nusa Holdings Berhad (formerly known as CNI Holdings Berhad) is a public listed company incorporated and domiciled in Malaysia. The Company is quoted on the Main Market of the Bursa Malaysia Securities Berhad.

The ultimate and holding company is Marvellous Heights Sdn. Bhd., a company incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2022.

(a) Statement of compliance

The financial statements comply with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia.

On 1 January 2021, the Group and the Company adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

Amendments to MFRSs

Amendments to MFRS 16 – Covid-19 – Related Rent Concessions beyond 30 June 2021

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

The adoption of the above Amendments to MFRSs does not have any material effect on the financial statements of the Group and the Company.

The following Amendments to MFRSs have been issued and are relevant but are not yet effective to the Group and the Company:

Amendments to Standards	Effective date
Annual Improvements to MFRS Standards 2018 – 2020 • Amendments to MFRS 9 Financial Instruments	1 January 2022
Amendments to MFRS 116 – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
References to the Conceptual Framework (Amendments to MFRS 3 – Business Combinations)	1 January 2022
Amendments to MFRS 101 – Classification of Liabilities as Current and Non-current	1 January 2023
Amendments to MFRS 101 – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The initial adoption of the Amendments to MFRSs would not have any material effect on the financial statements.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia which is the Group's and the Company's presentation currency.

The functional currency of the Company is Ringgit Malaysia.

(c) Basis of measurement

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies.

1. BASIS OF PREPARATION *(continued)*

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities at the reporting date. However uncertainty about these judgments, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in material adjustment to the Group's and the Company's carrying amounts of assets and liabilities within the next financial year are discussed below:

Group

(i) Expected credit losses ("ECL") for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. Based on management's experiences and judgements, the provision rates are based on days past due for grouping of various customers segments with similar loss patterns. Further details are disclosed in Note 3(a) and 20.

(ii) Inventories written down

In estimating net realisable values, management reviews the nature of inventories, the expiry dates and the condition and the movement of the inventories and applies certain percentage of write down. The inventories written down policy is determined based on the management's experiences and judgements. The carrying amounts are as disclosed in Note 19.

(iii) Fair value of investment properties

The Group recognises its investment properties at fair value with changes in fair value being recognised in profit or loss. Every year, the Group determines fair value by either engaging an external independent professional valuer or based on directors' estimates. Further details are disclosed in Note 11.

(iv) Fair value of other investments

The Group recognises other investment at fair value, with changes in fair value being recognised in profit or loss. Significant judgment is required in the estimation of the present value of future cash flows generated by the other investment based on income approach. The carrying amount of the other investment is disclosed in Note 13.

Company

(i) Expected credit losses ("ECL") for trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. Based on management's experiences and judgements, the provision rates are based on days past due for grouping of various customers segments with similar loss patterns. Further details are disclosed in Note 3(a) and 20.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

(i) Business combinations *(continued)*

The Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(ii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or financial asset depending on the influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements except when an unrealised loss may indicate an impairment loss that requires recognition in the consolidated financial statements.

(v) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(b) Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights are considered when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the separate financial statements of the Company, investments in subsidiaries are measured at cost less any impairment losses, if any.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Subsidiary companies *(continued)*

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

(c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at costs.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the Company and the costs of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and capital work-in-progress are not depreciated.

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2%
Plant & machinery & laboratory equipment	10% - 12.50%
Motor vehicles	10% - 20%
Office equipment, furniture & fittings, renovation, electrical installation & computer hardware	2% - 20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

(d) Goodwill

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is allocated to cash generating units and is tested for impairment annually or more frequently if event or changes in circumstances indicate that the carrying value might be impaired. Where the recoverable amount of the cash-generating units is less than the carrying amount, an impairment is recognised in the profit or loss. Impairment losses for goodwill are not reversed in subsequent periods.

Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(e) Intangible assets

Intangible assets which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over their estimated useful lives on a straight-line basis as follows:

Computer software	10% - 20%
Trademark	2% - 10%

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Intangible assets *(continued)*

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period, to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in the intangible assets.

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(f) Inventories

Inventories are valued at the lower of costs and net realisable values.

Cost of raw materials, consumables, packing materials and goods for resale comprises the original cost of purchase and the costs of bringing the inventories to their present locations and conditions. The costs of work-in-progress and finished goods comprise cost of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing overheads based on normal operating capacity. Cost is determined on the "weighted average cost" basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

(g) Taxes

Tax charged on the profit or loss for the year comprises current and deferred taxes.

(a) Current tax

Current year tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred tax liabilities and deferred tax assets are provided for under the liability method in respect of temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax laws that have been enacted or substantively enacted at the reporting date.

The deferred tax liabilities in relation to investment properties that are measured a fair value is determined assuming the properties will be recovered entirely through sale.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and deferred tax liabilities shall be offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities where there is intention to settle the balances on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which the significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of assets

The carrying amounts of the Group's and Company's assets other than inventories, deferred tax assets, investment properties at fair value and financial assets that are within the scope of MFRS 9, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the profit or loss immediately. All reversals of an impairment loss are recognised as income immediately in the profit or loss and the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years.

(i) Revenue recognition

(i) Marketing and trading of goods

Healthcare and consumer products

Revenue are recognised when the control of the goods i.e. healthcare and consumer products are transferred, being when the goods are delivered to the customer and the customer has the significant risks and rewards of ownership of the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

There are no variable elements in considerations other than discounts. The contract with customers has no right of returns, thus any returns are subject to the Group's approval. However, returns are minimum.

No element of financing deemed present as the sales made are consistent with market practice i.e. 30 days and payment upon collection.

<u>Warranty obligations</u>

The Group provides warranties for general repairs of water filter products sold to customers that are not functioning as intended. However, in certain instances additional year(s) of warranty are issued to customers as a sales incentive and when this is considered a material right, the Group allocates the relevant revenue to warranty and revenue is then recognised over the period of the warranty. However this amount is minimum.

<u>Option to acquire future goods at discounted price</u>

The sales and marketing plan of the Group includes offering vouchers to their customers for their future acquisition of goods at discounted price. As the option provides a material right to the customers that they would not receive without entering into the contract, it is considered a separate performance obligation. As such, the Group only recognises the allocated revenue when those future goods are transferred and the vouchers are accounted for as reduction of the transaction price.

Food ingredients, coffee and other related beverage products

Revenue are recognised when the control of the goods i.e. food ingredients, coffee and related beverage products are transferred, being when the goods leave the Group's premises to be delivered to the customer. This is when the customer is considered to have the significant risks and rewards of ownership of the goods, i.e. the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

There are no variable elements in considerations. The contract with customers has no right of returns, thus any returns are subject to the Group's approval. However, the returns are minimum.

No element of financing deemed present as the sales made are consistent with market practice i.e. 30 days to 90 days.

(ii) Subscription fees

A component of fees collected is recognised as revenue upon transfer of control of goods and services to the customer whilst the remaining fee is recognised over the period of subscription. Subscription fees are recognised over time since the customer simultaneously receives and consumes the benefits provided. The subscription renewal fee is recognised over the period of subscription.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(iii) Manufacturing of goods

Revenue are recognised when the control of the goods i.e. coffee and other related beverage products are transferred, being when the goods leaves the Group's premises to be delivered to the customer. This is when the customer is considered to have significant risks and rewards of ownership of the goods, i.e. the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

No element of financing deemed present as the sales made are consistent with market practice i.e. 30 days to 60 days.

There are no variable elements in considerations other than return which is minimum. Contract with customers has no right of returns, thus any returns are subject to the Group's approval.

(iv) Sales of food and beverage

Revenue are recognised when the control of the goods i.e food and beverage are transferred, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

There are no variable elements in consideration.

No element of financing deemed present as the sales made are consistent with market practice i.e. cash and 30 to 90 days for corporate and catering customers.

(v) Management fees

Management services are recognised over time since the customer simultaneously receives and consumes the benefits provided. Management fee is recognised when services are rendered. Payment is generally due within 30 days from the date when performance obligation is satisfied.

(vi) Rental income from investment properties

Rental income is recognised over the term of the lease.

(vii) Transportation income

Sales of services i.e. transportation is recognised over time since the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for the performance complete to date. Revenue from services is recognised when the services are rendered. Payment is generally due within 30 days to 60 days from the date when performance obligation is satisfied.

(j) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

(k) Treasury shares

Where the Company purchases its own shares, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued.

Should such shares be cancelled, the costs of the treasury shares are applied in the reduction of the profits otherwise available for distribution as dividends. Should such shares are subsequently reissued, by resale any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Treasury shares *(continued)*

Where the treasury shares are subsequently distributed as dividends to shareholders, the costs of the treasury shares on the original purchase are applied in the reduction of the funds otherwise available for distribution as dividends.

(l) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

For companies outside Malaysia, the respective companies made contributions in accordance with the respective jurisdiction of that country.

(iii) Defined benefit plan

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the end of the reporting period on government bond that re denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefits is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extend that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(m) Leases

The Group as lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

(i) Lease term

In determining in the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term when it is reasonably certain to be extended (or not to be terminated).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Leases *(continued)*

(i) Lease term *(continued)*

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in remeasurement of the lease liabilities.

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss if any. The ROU assets are generally depreciated over the shorter of the asset's useful life and lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The ROU assets are presented as part of property, plant and equipment and investment properties in the statement of financial position.

ROU assets that are not investment properties – premises are depreciated over the lease period of 2 to 3 years.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(iv) Reassessment of lease liabilities

The Group and the Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Leases *(continued)*

(v) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short term leases and low value assets are recognised on a straight-line bases as an expense in profit or loss.

The Group and the Company as a lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

(i) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(n) Foreign currencies

(i) Translation of foreign currency transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period. Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period they arise.

(ii) Translation of foreign operations

The assets and liabilities of the foreign operations are expressed in Ringgit Malaysia by using exchange rates prevailing at the end of a reporting period. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operations and translated at the closing rate. Income and expense items are translated at average rates for the period, which approximate the actual rates ruling at the dates of the respective transactions. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income, an attributed portion is allocated to non-controlling interests, if applicable, and the balance attributable to owners of the parent is retained in an exchange translation reserve.

(o) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Provisions *(continued)*

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term deposits with maturity of not more than three months and liquid investments that are readily convertible to cash with insignificant risk of changes in value.

(q) Financial instruments

Financial instruments are recognised on the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

Financial assets

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group and the Company.

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or has been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

(i) Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's and the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group and the Company reclassify debt instruments when and only when their business model for managing those assets changes.

(ii) Measurement

At initial recognition, trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Financial instruments *(continued)*

(ii) Measurement *(continued)*

Except for trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, at initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify its debt instruments:

(a) Amortised costs

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised using the effective interest rate method. Any gain or loss arising on derecognition is recognised in profit or loss together with foreign exchange gains and losses.

(b) Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through, other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method.

(c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Any gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss.

Equity Instruments

The Group and the Company subsequently measure all equity instruments at fair value.

Changes in the fair value of financial assets at fair value though profit or loss are recognised in profit or loss.

Dividends are recognised in profit or loss when the rights to receive payment is established.

Where the Group and the Company have elected to present fair value gain and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instruments.

(iii) Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Financial instruments *(continued)*

(iii) Impairment *(continued)*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group and the Company.

The Group and the Company shall recognise a financial liability on their statements of financial position when the entities become parties to the contractual provisions of the instruments.

Financial liabilities are derecognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

(i) Financial liabilities at fair value through profit or loss (“FVTPL”)

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and there are recent actual pattern of short-term profit-taking;
- It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

(ii) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as financial liabilities at FVTPL.

Other financial liabilities are initially recognised at fair value plus transactions costs. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the profit or loss.

Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Financial liabilities at FVTPL are measured at fair value except for derivatives liability that are linked to and must be settled by delivery of such unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Gains or losses arising from changes in fair value from financial liabilities classified at FVTPL are recognised in profit or loss.

Gains or losses from other financial liabilities carried at amortised costs are recognised through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Earning per share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(s) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Cost of investment properties are recorded at cost on initial recognition.

Cost of investment properties comprise purchase price plus all directly attributable costs incurred to bring the property to its present location and condition intended for use as investment properties. Subsequent to initial recognition, investment properties are stated at fair value which reflects market condition at the reporting date. The Group and the Company either engage an external independent professional valuer to determine the fair value or based on directors' estimate. Changes in fair value of the investment properties are recognised in profit or loss in the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocation resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that makes strategic decisions.

(u) Fair value measurement

The fair value of an asset or a liability except for lease transactions and inventories net realisable value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method adopted assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Group and the Company establishes a fair value measurement hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. This fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is classified as a Level 1 measurement if it is estimated using a quoted price in an active market. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Group and the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of Level 1 inputs, a fair value measurement of an item is classified as a Level 2 measurement if it is estimated by a valuation technique using inputs that are observable either directly or indirectly.

In the absence of both Level 1 and Level 2 inputs, a fair value measurement of an item is classified as a Level 3 measurement if it is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions.

(v) Associate companies

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Associate companies *(continued)*

The Group's investments in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any non-current investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the separate financial statements of the Company, investment in associate company is stated at cost less impairment losses, if any.

(w) Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(x) Contingencie

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

Contingent liability is also referred to as a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

(y) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group and the Company will comply with all attached conditions, if any.

Government grants related to expenses are recognised in profit or loss as other income or expenses over the periods to match the related costs for which the grants are intended to compensate.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(z) Financial guarantee contract

Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, they are measured at higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk and market risks. The Group's and the Company's overall financial risk management policy focused on identifying and managing the financial risks and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk management

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risks arise primarily from trade and other receivables.

Only deposits with major financial institutions are accepted. Thus credit risks are low in view of their financial strengths and good credit ratings.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating units, the Group does do not offer credit terms without the approval of the Directors.

As at the reporting date, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statement of financial position without taking into account any collateral held. The maximum exposure to credit risk arising from the financial guarantee contract issued is a corporate guarantee given by the holding company for banker guarantees to a third party amounting to RM302,200. As at reporting date, the financial guarantee contract is not recognised in the statement of financial position of the Group and the Company as it is not material.

The Group has collateral held as security to minimise credit risk of certain trade receivables of the Group comprise of amounts owing by Distribution Centre ("DC") for goods purchased amounting to RM 1,132,588 (2020: RM1,179,709). The Group's policy is to collect deposit from each DC once they register as DC with the Group. These deposits collected from DC serve as collateral held as security by the Group in the event of default in payment. The collateral held is in cash basis, thus there is no cost of obtaining and selling of the collateral. There is no allowance for impairment loss arising from these receivables for current and previous financial year end as the credit risk is mitigated by the realisation of collateral held upon default in payment.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk management *(continued)*

As of the reporting date, there is no significant concentration of credit risk in Group.

At the reporting date, approximately 73% (2020: 77%) of the Company's gross trade receivables was due from a subsidiary company.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect or recovery. This is generally the case when the Group and the Company determine that the receivable does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write off. Nevertheless, trade receivables that are written off would still be subject to enforcement activities.

Trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for trade receivables.

The Group and the Company assess impairment of trade receivables on individual and collective basis.

Collective assessment of impairment

In prior year, the Group and the Company use an allowance matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar characteristics. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency.

In prior year, loss rates are based on actual credit loss experiences over the years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables.

During the year, the Group and the Company have changed their ECL policy to reflect the Group's and the Company's current exposure to credit risk.

The Group and the Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss pattern i.e. customer type.

The provision matrix is initially based on the Group and the Company historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle. The Group and the Company has identified the gross domestic product ("GDP") as the most relevant factors. Nevertheless, as at reporting date, the GDP has no significant impact in the ECL calculation. The Group and the Company has assessed that all its trade receivables as creditworthy customers with good payment records and loss incurred infrequently. Thus, no expected credit loss is required.

Individual assessment of impairment

Assessment of individual trade receivables is determined to be credit impaired at the reporting date for those in significant financial difficulties and/or defaulted on payments. However for certain subsidiary companies, it is based on those more than 180 days past due and are either in significant financial difficulties and/or have defaulted on payments.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk management *(continued)*

Impairment losses

The information about the credit risk exposure on the Group's and the Company's trade receivables are as follows:

GROUP **As at 31 December 2021**	**RM**
Neither past due nor impaired	4,459,050
1 to 30 days past due not impaired	253,150
31 to 60 days past due not impaired	667,751
61 to 90 days past due not impaired	353,512
More than 90 days past due not impaired	1,935,896
	7,669,359
Impaired (collectively and individually)	403,358
Total gross carrying amount	8,072,717

GROUP **As at 31 December 2020**	**RM**
Neither past due nor impaired	1,878,072
1 to 30 days past due not impaired	670,745
31 to 60 days past due not impaired	146,428
61 to 90 days past due not impaired	534,538
More than 90 days past due not impaired	6,860,632
	10,090,415
Impaired (collectively and individually)	876,736
Total gross carrying amount	10,967,151

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk management *(continued)*

Trade receivables (continued)

Impairment losses *(continued)*

COMPANY As at 31 December 2021	RM
Neither past due nor impaired	117,121
1 to 30 days past due not impaired	37,974
31 to 60 days past due not impaired	37,971
61 to 90 days past due not impaired	37,966
More than 90 days past due not impaired	754,194
Total gross carrying amount	985,226

COMPANY As at 31 December 2020	RM
Neither past due nor impaired	39,405
1 to 30 days past due not impaired	39,392
31 to 60 days past due not impaired	39,396
61 to 90 days past due not impaired	39,378
More than 90 days past due not impaired	533,943
	691,514
Impaired (collectively and individually)	57,273
Total gross carrying amount	748,787

The trade receivables that are past due but not impaired as they have been no significant changes in their credit quality i.e. no history of default and/or debts received subsequent to the reporting date.

Other receivables

The Group and the Company considers that there has been a significant increase in credit risk when contractual payment are more than 30 days past due.

The Group and the Company considers a financial asset in default when contractual payments are 90 days past due.

For advances to subsidiaries and related companies whose credit terms is repayable on demand, this is considered credit impaired when the subsidiaries and related companies are unlikely to repay its advances to the Company in full given insufficient highly liquid resources when the advances is demanded.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from payables and lease liabilities.

The Group and the Company practice prudent risk management by maintaining sufficient cash and cash equivalents and banking facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows:

	Within 1 year	2 to 5 years	Total
GROUP	**RM**	**RM**	**RM**
As at 31 December 2021			
Non-derivative financial liabilities			
Trade payables	3,975,839	-	3,975,839
Other payables	10,441,873	-	10,441,873
Financial guarantee contract	302,000	-	302,000

	Within 1 year	2 to 5 years	Total
COMPANY	**RM**	**RM**	**RM**
As at 31 December 2021			
Non-derivative financial liabilities			
Other payables	219,894	-	219,894
Financial guarantee contract	302,000	-	302,000

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk management *(continued)*

	Within 1 year	2 to 5 years	Total
GROUP	**RM**	**RM**	**RM**
As at 31 December 2020			
Non-derivative financial liabilities			
Trade payables	3,098,759	-	3,098,759
Other payables	9,580,762	-	9,580,762

	Within 1 year	2 to 5 years	Total
COMPANY	**RM**	**RM**	**RM**
As at 31 December 2020			
Non-derivative financial liabilities			
Other payables	134,124	-	134,124

Maturity analysis of lease liabilities:

GROUP			
As at 31 December 2021	1,164,996	1,253,018	2,418,014
As at 31 December 2020	1,242,392	1,246,490	2,488,882

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Market risks

(i) Foreign currency risk management

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily United States Dollar ("USD").

At the reporting date, the Company's profit after tax and equity is not materially affected by the movement in foreign exchange rate of foreign currency.

The sensitivities of the Group's profit after tax and equity to the possible change in the following foreign currencies against the functional currency of the Group are shown below. This analysis assumes that all other variables, in particular interest rates remained constant.

A 5% strengthening of the functional currency of the Group against the foreign currencies at the end of the reporting period would have decreased profit after tax and decreased equity by the amounts shown below:

	GROUP			
	2021		2020	
	Profit after tax RM	Equity RM	Profit after tax RM	Equity RM
Functional currency/ Foreign currency				
RM/USD	(83,789)	(83,789)	(13,531)	(13,531)

A 5% weakening of the functional currency of the Group against the foreign currencies at the end of the reporting period would have equal but opposite effect on profit after tax and equity.

(ii) Market price risk management

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are exposed to the changes in the net asset value of the financial instruments.

As at the reporting date, if the net asset value per unit increase by 5%, profit and equity of the Group and the Company will increase by RM625,578 and RM172,772 respectively. However if the net asset value per unit decrease by 5%, profit after tax and equity of the Group and the Company will decrease by RM625,578 and RM172,772 respectively.

(iii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate of changes in market interest rate.

The Group and the Company monitor interest rate risk on an on-going basis and the Group and the Company endeavor to keep the exposures at an acceptable level.

The Group is exposed to interest rate risk from deposits with licensed banks and lease liabilities and the Company is expose to interest rate risk from deposits with licensed banks.

The Group and the Company do not expect any material impact on the Group's and the Company's profit or loss arising from the effects of reasonable possible changes to interest rates as the deposits with licensed banks and lease liabilities are of fixed interest rates.

4. CAPITAL RISK MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group and the Company's ability to continue as a going concern.

The Group and the Company monitor capital using net debt-to-equity ratio which is the debt divided by total capital.

The net debt-to-equity ratios at end of the reporting period are as follows:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Lease liabilities (Note 28)	2,283,967	2,392,816	-	-
Less: Cash and cash equivalents (Note 23)	(10,266,612)	(9,132,988)	(842,834)	(895,146)
Total debts	(7,982,645)	(6,740,172)	(842,834)	(895,146)
Total equity attributable to the owners of the Company	71,382,316	69,158,049	91,598,432	90,223,491
Debt-to-equity ratio	N/A	N/A	N/A	N/A

N/A: Not applicable

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS BY CATEGORIES

	2021 RM	2020 RM
GROUP		
Financial assets		
Financial assets at fair value through profit or loss		
- Other investment	500,001	500,001
- Short term funds	12,511,568	9,195,249
Financial assets measured at amortised cost		
- Investment in preference shares	3,450,000	3,357,865
- Trade receivables	7,669,359	10,090,415
- Other receivables (excluding prepayments and advance payments)	1,567,265	1,694,662
- Cash and cash equivalents	10,266,612	9,132,988
Financial liabilities		
Other financial liabilities measured at amortised cost		
- Trade payables	3,975,839	3,098,759
- Other payables (excluding advance receipts)	10,441,873	9,580,762
COMPANY		
Financial assets		
Financial assets at fair value through profit or loss		
- Other investment	1	1
- Short term fund	3,455,447	1,931,655
Financial assets measured at amortised cost		
- Trade receivables	985,226	691,514
- Other receivables (excluding prepayments)	2,784,432	3,211,941
- Cash and cash equivalents	842,834	895,146
Financial liabilities		
Other financial liabilities measured at amortised cost		
- Other payables	219,894	134,124

5. FINANCIAL INSTRUMENTS BY CATEGORIES *(continued)*

Table below analyses assets at fair value:

	Carrying amounts RM	Level 1 RM	Level 2 RM	Level 3 RM
2021				
GROUP				
Investment properties	5,104,000	-	4,480,000	624,000
Other investments	500,001	-	-	500,001
Short term funds	12,511,568	12,511,568	-	-
2020				
GROUP				
Investment properties	2,424,000	-	1,800,000	624,000
Other investments	500,001	-	-	500,001
Short term funds	9,195,249	9,195,249	-	-
2021				
COMPANY				
Investment properties	1,980,000	-	1,980,000	-
Short term funds	3,455,447	3,455,447	-	-
Other investment	1	-	-	1
2020				
COMPANY				
Investment properties	1,800,000	-	1,800,000	-
Short term funds	1,931,655	1,931,655	-	-
Other investment	1	-	-	1

Besides than other investments and short term funds, financial assets and financial liabilities of the Group and the Company are not carried at fair value but their carrying amounts are reasonable approximation of their values due to their short term nature.

6. REVENUE

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contracts with customers:				
- Manufacturing of goods	12,180,013	13,097,369	-	-
- Marketing and trading of goods	60,594,614	53,345,613	-	-
- Sales of food and beverage	192,815	318,853	-	-
- Subscription fees	997,037	747,082	-	-
- Management fees	-	-	1,423,094	1,423,094
- Transportation income	48,000	61,000	-	-
	74,012,479	67,569,917	1,423,094	1,423,094
- Operating lease – rental income from investment properties *	120,000	120,000	120,000	120,000
	74,132,479	67,689,917	1,543,094	1,543,094

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Timing of revenue recognition:				
- At a point in time	72,967,442	66,761,835	-	-
- Over time	1,045,037	808,082	1,543,094	1,543,094
	74,012,479	67,569,917	1,543,094	1,534,094

* This is a non-cancellable operating lease whereby the lease arrangement is disclosed in Note 33.

7. PROFIT/(LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(loss) before taxation is stated after charging and (crediting):				
Amortisation of intangible assets	293,011	134,365	1,109	1,381
Auditors' remuneration:				
Malaysian operation:				
current year	135,000	143,000	23,000	16,000
underprovision in prior year	-	500	-	-
Overseas operation:				
current year	33,563	29,534	-	-

7. PROFIT/(LOSS) BEFORE TAXATION *(continued)*

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(loss) before taxation is stated after charging and (crediting):				
(Income)/expenses on financial assets at amortised costs:				
bad debt written off	279,087	234,682	-	89,632
loss allowance on trade receivables	16,077	417,680	-	-
loss allowance on other receivables	284,985	44,342	1,246	44,342
bad debts recovered	(52,026)	-	-	-
reversal of fair value adjustment on trade receivables	(118,214)	-	-	-
fair value adjustment on trade receivables	123,968	152,905	-	-
loss allowance on amounts due from subsidiary companies - trade	-	-	-	57,273
reversal of loss allowance on amounts due from subsidiary companies – trade	-	-	(57,273)	-
reversal of loss allowance on amounts due from subsidiary companies – non-trade	-	-	(28,187)	(48,441)
reversal of loss allowance on trade receivables	(489,455)	(22,795)	-	-
reversal of loss allowance on other receivables	(73,697)	(15,691)	-	-
fair value adjustment on investment in preference shares	(142,135)	142,135	-	-
dividend income from preference shares	-	(621,824)	-	-
bank interest income	(46,617)	(228,340)	(5,450)	(7,979)
amount due from a subsidiary company	-	-	(936)	(112,196)
intrinsic interest income	(36,753)	-	-	-
bank overdraft interest	1,024	-	-	-
Depreciation of property, plant and equipment	2,796,571	2,946,338	43,867	61,267
Employees benefit (Note 7(a))	19,675,460	19,261,844	1,468,909	1,444,163

7. PROFIT/(LOSS) BEFORE TAXATION *(continued)*

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(loss) before taxation is stated after charging and (crediting):				
(Income)/expenses on financial assets and liabilities at amortised costs:				
realised loss/(gain) on foreign exchange	35,922	(26,165)	22,568	(4,710)
unrealised loss on foreign exchange	54,644	194,888	2,425	7,166
(Gain)/loss on disposal of property, plant and equipment	(26,513)	38,446	-	43,944
Intangible assets written off	146	1,568	-	-
Interest expense on ROU-lease liabilities	50,615	55,685	-	-
Fair value changes on investment properties	(84,922)	125,550	(180,000)	180,000
(Income)/expense on financial assets at fair value through profit or loss:				
fair value changes on short term fund	101,092	22,638	29,285	8,042
dividend income	(190,581)	(160,623)	(58,077)	(60,876)
gain on disposal of short term funds	(52,357)	(2,051)		
Inventories written down	685,401	-	-	-
Operating lease rental income from premises**	(650,616)	(523,942)	-	-
Retirement benefit expense		39,767		-
Reversal of impairment loss on property, plant and equipment	-	(1,006)	-	-
Reversal of impairment loss on investment in a subsidiary	-	-	-	(1,225,156)
Reversal of impairment loss on investment in an associate	(324,426)	(50,958)	-	-
Reversal of inventories written down	(585,446)	(649,549)	-	-

7. PROFIT/(LOSS) BEFORE TAXATION *(continued)*

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(loss) before taxation is stated after charging and (crediting):				
Expired ROU assets	2,082	-	-	-
Expired lease liabilities	(2,090)	-	-	-
Inventories written off	150,540	751,379	-	-
Property, plant and equipment written off	155,755	7,668	2	2
Lease of low value asset	-	137,600	-	-
Short term lease - rental of premises*	1,004,851	975,649	104,880	158,018
Operating lease rental income from carpark*	(15,000)	-	-	-
Short term lease rental of vehicle	4,800	-	-	-
Loss/(gain) on disposal of a subsidiary company	1,785	(280,055)	-	-
Income on financial liabilities at amortised costs:				
reversal of accruals no longer required	-	(193,969)	-	-
waiver of amounts due to trade payables	-	(38,318)	-	-
waiver of debt on amount due to a subsidiary company	-	-	-	(1,165,818)
Hire purchase interests	78,483	69,741	-	1,190
Government grant#	(366,723)	(841,113)	-	(10,800)
Direct operating expenses of investment properties that do not generate income	18,256	3,776	2,896	3,776

* These comprise cancellable operating leases whereby one to three months' notice is required to terminate these agreements

** This comprise cancellable operating leases whereby one to three months' notice is required to terminate the cancellable leases.

During the year, the Group and the Company received wages subsidies from the Government as wage subsidy under the Economic Stimulus Package.

7. PROFIT/(LOSS) BEFORE TAXATION *(continued)*

(a) Employees benefit expenses comprise:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Staff costs				
Salaries, wages, allowance, overtime and benefits	15,226,860	14,503,368	818,680	887,981
Contributions to defined contribution plan and social security	1,774,368	1,715,794	99,758	110,922
	17,001,228	16,219,162	918,438	998,903
Executive Directors				
Fees	119,701	152,143	-	-
Salaries and other emoluments	1,970,402	2,257,363	155,938	108,037
Contributions to defined contribution plan and social security	209,179	270,069	19,583	13,883
Retirement benefit expense	-	39,767	-	-
	2,299,282	2,719,342	175,521	121,920
Non-executive Directors				
Fees	348,000	299,700	348,000	299,700
Other emoluments	26,950	23,640	26,950	23,640
	374,950	323,340	374,950	323,340
Total Directors' remuneration	2,674,232	3,042,682	550,471	445,260
Total employees benefit expenses	19,675,460	19,261,844	1,468,909	1,444,163

The estimated monetary value of benefit-in-kind received by Directors otherwise than in cash from the Group and the Company amounted to RM74,725 and RM16,100 (2020: RM83,125 and RM10,625) respectively.

8. TAXATION

	GROUP	
	2021	2020
	RM	RM
(a) Current Malaysian taxation	1,071,570	531,578
Deferred taxation (Note 17)	473,007	(121,767)
	1,544,577	409,811
Under/(over)provision of taxation in prior year	85,779	(79,080)
Share of associate company's tax	-	710
	1,630,356	331,441

There is no provision for current and prior years for the Company as there is no chargeable income for the years under review.

(b) Reconciliation of tax expense and accounting profit/(loss):

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Accounting profit/(loss)	2,061,646	757,207	(160,050)	1,751,924
Tax at the applicable tax rate	523,983	181,730	(38,412)	420,462
Tax effect of expenses that are not deductible in determining taxable profit for income tax purposes	463,365	1,314,382	35,880	108,489
Tax effect of income that are not included in determining taxable profit for income tax purposes	(387,450)	(936,748)	(63,903)	(309,867)
Fair value movements on investment properties	18,000	-	18,000	-
Movement from unrecognised deferred tax assets	926,679	(149,553)	48,435	(219,084)
Under/(over)provision of taxation in prior year	85,779	(79,080)	-	-
Share of an associate company's tax	-	710	-	-
Tax expense	1,630,356	331,441	-	-

8. TAXATION *(continued)*

The Malaysia corporate tax rate is 24% (2020: 24%). Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions. Consequently, deferred tax assets in Note 17 are measured using these rates.

(c) The Company has unabsorbed tax losses and capital allowances totalling RM9,117,575 (2020: RM7,910,036) available for set off against future taxable profits.

(d) The Company can distribute all its profits at the end of the financial year by way of dividends.

9. EARNINGS PER SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	GROUP	
	2021	**2020**
	RM	**RM**
Profit for the year attributable to the Owners of the Company (RM)	656,751	584,406
Weighted average number of ordinary shares for basic earnings per share (adjusted for treasury shares) (units)	720,000,000	712,642,900
Basic earnings per share (sen)	0.09	0.08

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding during the year.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Plant & machinery & laboratory equipment RM	Motor vehicles RM	Office equipment furniture & fittings, renovation, electrical installation & computer hardware RM	Capital work-in-progress RM	Right-of-use Lease of premises RM	Total RM
GROUP								
2021								
At cost								
At 1 January 2021	4,621,097	35,800,057	25,885,930	3,049,559	14,423,630	3,224,431	2,169,673	89,174,377
Additions	-	-	239,707	187,489	296,018	85,573	645,813	1,454,600
Modification of lease	-	-	-	-	-	-	381,191	381,191
Expired leases	-	-	-	-	-	-	(967,646)	(967,646)
Disposals	-	-	(117,821)	(360,474)	(15,146)	-	-	(493,441)
Written off	-	(196,250)	(98,314)	-	(196,510)	-	-	(491,074)
Transfer to intangible assets	-	-	-	-	-	(549,503)	-	(549,503)
Exchange differences	-	66,471	62,400	-	22,742	-	9,802	161,415
At 31 December 2021	4,621,097	35,670,278	25,971,902	2,876,574	14,530,734	2,760,501	2,238,833	88,669,919

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land RM	Buildings RM	Plant & machinery & laboratory equipment RM	Motor vehicles RM	Office equipment furniture & fittings, renovation, electrical installation & computer hardware RM	Capital work-in-progress RM	Right-of-use Lease of premises RM	Total RM
GROUP								
2021								
Accumulated Depreciation								
At 1 January 2021	-	15,472,671	23,540,571	2,080,347	12,665,724	-	1,133,908	54,893,221
Charge for the year	-	812,317	473,192	208,139	465,586	-	837,337	2,796,571
Expired lease	-	-	-	-	-	-	(965,564)	(965,564)
Disposals	-	-	(3,825)	(266,338)	(12,971)	-	-	(283,134)
Written off	-	(66,398)	(86,472)	-	(182,449)	-	-	(335,319)
Exchange differences	-	54,750	47,801	-	18,130	-	4,545	125,226
At 31 December 2021	-	16,273,340	23,971,267	2,022,148	12,954,020	-	1,010,226	56,231,001
Accumulated Impairment Loss								
At 1 January 2021	-	-	-	-	68,507	391,778	-	460,285
Exchange differences	-	-	-	-	1,084	-	-	1,084
At 31 December 2021	-	-	-	-	69,591	391,778	-	461,369
Net book value								
At 31 December 2021	4,621,097	19,396,938	2,000,635	854,426	1,507,123	2,368,723	1,228,607	31,997,549

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land RM	Buildings RM	Plant & machinery & laboratory equipment RM	Motor vehicles RM	Office equipment furniture & fittings, renovation, electrical installation & computer hardware RM	Capital work-in-progress RM	Right-of-use Lease of premises RM	Total RM
GROUP								
2020								
At cost								
At 1 January 2020	4,621,097	35,703,268	25,899,214	4,066,373	15,085,171	3,224,431	967,646	89,567,200
Additions	-	38,000	141,400	-	271,658	-	1,201,938	1,652,996
Disposals	-	-	(209,871)	(294,401)	-	-	-	(504,272)
Written off	-	-	-	(722,413)	(949,699)	-	-	(1,672,112)
Exchange differences	-	58,789	55,187	-	16,500	-	89	130,565
At 31 December 2020	4,621,097	35,800,057	25,885,930	3,049,559	14,423,630	3,224,431	2,169,673	89,174,377

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land RM	Buildings RM	Plant & machinery & laboratory equipment RM	Motor vehicles RM	Office equipment furniture & fittings, renovation, electrical installation & computer hardware RM	Capital work-in-progress RM	Right-of-use Lease of premises RM	Total RM
GROUP								
2020								
Accumulated Depreciation								
At 1 January 2020	-	14,623,302	23,130,401	2,656,572	13,035,548	-	275,401	53,721,224
Charge for the year	-	804,835	476,606	246,775	559,655	-	858,467	2,946,338
Disposals	-	-	(104,723)	(100,587)	-	-	-	(205,310)
Written off	-	-	-	(722,413)	(942,031)	-	-	(1,664,444)
Exchange differences	-	44,534	38,287	-	12,552	-	40	95,413
At 31 December 2020	-	15,472,671	23,540,571	2,080,347	12,665,724	-	1,133,908	54,893,221
Accumulated Impairment Loss								
At 1 January 2020	-	-	-	-	69,492	391,778	-	461,270
Reversal	-	-	-	-	(1,006)	-	-	(1,006)
Charge for the year	-	-		-	21	-	-	21
At 31 December 2020	-	-	-	-	68,507	391,778	-	460,285
Net book value								
At 31 December 2020	4,621,097	20,327,386	2,345,359	969,212	1,689,399	2,832,653	1,035,765	33,820,871

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Motor vehicles RM	Office equipment, furniture & fittings RM	Computer hardware RM	Total RM
COMPANY				
2021				
At cost				
At 1 January 2021	396,500	7,400	72,223	476,123
Additions	-	-	2,065	2,065
Written off	-	-	(141)	(141)
At 31 December 2021	396,500	7,400	74,147	478,047
Accumulated depreciation				
At 1 January 2021	264,331	3,681	51,520	319,532
Charge for the year	39,650	561	3,656	43,867
Written off	-	-	(139)	(139)
At 31 December 2021	303,981	4,242	55,037	363,260
Net book value				
At 31 December 2021	92,519	3,158	19,110	114,787
2020				
At cost				
At 1 January 2020	690,901	7,400	71,407	769,708
Additions	-	-	4,156	4,156
Disposals	(294,401)	-	-	(294,401)
Written off	-	-	(3,340)	(3,340)
At 31 December 2020	396,500	7,400	72,223	476,123
Accumulated depreciation				
At 1 January 2020	308,095	3,120	50,975	362,190
Charge for the year	56,823	561	3,883	61,267
Disposals	(100,587)	-	-	(100,587)
Written off	-	-	(3,338)	(3,338)
At 31 December 2020	264,331	3,681	51,520	319,532
Net book value				
At 31 December 2020	132,169	3,719	20,703	156,591

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Included in motor vehicles and plant and machinery and laboratory equipment of the Group, right-of-use assets are as follows:

	Motor vehicles RM	Plant and machinery and laboratary equipmnet RM	Total RM
COMPANY			
2021			
At cost			
At 1 January 2021	1,039,795	1,181,352	2,221,147
Additions	187,489	-	187,489
Expired lease	(344,125)	-	(344,125)
At 31 December 2021	883,159	1,181,352	2,064,511
Accumulated depreciation			
At 1 January 2021	365,818	208,620	574,438
Charge for the year	137,279	118,135	255,414
Expired lease	(140,446)	-	(140,446)
At 31 December 2021	362,651	326,755	689,406
Net book value			
At 31 December 2021	520,508	854,597	1,375,105

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Motor vehicles RM	Plant and machinery and laboratary equipmnet RM	Total RM
COMPANY			
2020			
At cost			
At 1 January 2020 and 31 December 2020	1,039,795	1,181,352	2,221,147
Accumulated depreciation			
At 1 January 2020	234,789	90,485	325,274
Charge for the year	131,029	118,135	249,164
At 31 December 2020	365,818	208,620	574,438
Net book value			
At 31 December 2020	673,977	972,732	1,646,709

Right-of-use assets amounting to RM187,489 (2020: Nil) were acquired from leases.

Included in the Group's capital work-in-progress is cost of RM391,779 (2020: RM391,779) fully impaired to carrying amount of RM1 (2020: RM1) in respect of the acquisition of a service apartment by a subsidiary company. This is due to the development project being abandoned by the developer when it was 85% completed in prior years.

11. INVESTMENT PROPERTIES

	Right-of-use - Leasehold land and buildings RM	Freehold building RM	Total RM
GROUP			
2021			
At fair value			
At 1 January 2021	2,424,000	-	2,424,000
Addition	-	2,595,078	2,595,078
Fair value changes	180,000	(95,078)	84,922
At 31 December 2021	2,604,000	2,500,000	5,104,000
2020			
At fair value			
At 1 January 2020	2,549,550	-	2,549,550
Fair value changes	(125,550)	-	(125,550)
At 31 December 2020	2,424,000	-	2,424,000

	Right-of-use - Leasehold land and building RM
COMPANY	
2021	
At fair value	
At 1 January 2021	1,800,000
Fair value changes	180,000
At 31 December 2021	1,980,000
2020	
At fair value	
At 1 January 2020	1,980,000
Fair value changes	(180,000)
At 31 December 2020	1,800,000

11. INVESTMENT PROPERTIES *(continued)*

The unexpired lease periods of leasehold land and buildings of the Group and of the Company are between 76 to 85 years (2020: 77 to 86 years).

The fair values of the investment properties of the Group and of the Company are based on:

a) Group – leasehold building

Directors' valuation with reference from a valuation report prepared by an independent professional qualified valuer, Chartwell Itac International (Kajang) Sdn. Bhd. using the comparison method of valuation to determine the current market value. The main key input for the valuation of investment property is by reference to the latest recorded sales transactions of similar properties within the same scheme and same vicinity; or

b) Group – freehold building

Valuation report prepared by independent professional qualified valuer, Jordan Lee & Jaafar Sdn. Bhd. under the comparison method of valuation to determine the current market value. The main key input for the valuation is the transacted data of similar properties within the subject scheme as obtained from the Property and Valuation Services Department under the Ministry of Finance; or

c) Group and Company – leasehold land and building

Valuation report prepared by independent professional qualified valuers, VPC Alliance (Sabah) Sdn. Bhd. which was based on the market evidence of transaction prices for similar properties and in which certain values are adjusted for differences in key attributes.

12. INTANGIBLE ASSETS

	Computer software RM	Trademark RM	Total RM
GROUP			
2021			
At cost			
At 1 January 2021	1,403,397	357,842	1,761,239
Additions	223,889	53,392	277,281
Transfer from property, plant and equipment	549,503	-	549,503
Written off	(2,500)	-	(2,500)
Exchange differences	-	17,488	17,488
At 31 December 2021	2,174,289	428,722	2,603,011
Accumulated amortisation			
At 1 January 2021	860,486	69,614	930,100
Charge for the year	238,188	54,823	293,011
Written off	(2,354)	-	(2,354)
Exchange differences	-	4,359	4,359
At 31 December 2021	1,096,320	128,796	1,225,116
Net carrying amount			
At 31 December 2021	1,077,969	299,926	1,377,895

12. INTANGIBLE ASSETS *(continued)*

	Computer software RM	Trademark RM	Total RM
GROUP			
2020			
At cost			
At 1 January 2020	2,742,607	184,960	2,927,567
Additions	24,148	161,502	185,650
Written off	(1,363,358)	-	(1,363,358)
Exchange differences	-	11,380	11,380
At 31 December 2020	1,403,397	357,842	1,761,239
Accumulated amortisation			
At 1 January 2020	2,113,452	41,227	2,154,679
Charge for the year	108,824	25,541	134,365
Written off	(1,361,790)	-	(1,361,790)
Exchange differences	-	2,846	2,846
At 31 December 2020	860,486	69,614	930,100
Net carrying amount			
At 31 December 2020	542,911	288,228	831,139

	Computer software RM
COMPANY	
2021	
At cost	
At 1 January 2021 and 31 December 2021	35,271
Accumulated amortisation	
At 1 January 2021	29,633
Charge for the year	1,109
At 31 December 2021	30,742
Net carrying amount	
At 31 December 2021	4,529

12. INTANGIBLE ASSETS *(continued)*

COMPANY	Computer software RM
2020	
At cost	
At 1 January 2020 and 31 December 2020	35,271
Accumulated amortisation	
At 1 January 2020	28,252
Charge for the year	1,381
At 31 December 2020	29,633
Net carrying amount	
At 31 December 2020	5,638

13. OTHER INVESTMENTS

	GROUP		COMPANY	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Fair value through profit or loss				
Unquoted shares				
At 1 January and 31 December	500,001	500,001	1	1

The unquoted shares amounting to RM500,000 relates to 6.5% equity investment in ordinary shares of a courier services company, Collectco Services Sdn. Bhd.

In current year, the director estimate that RM500,000 is the fair value because they are unable to obtain reasonable and supportable evidence to justify the income approach based on budget and forecasts furnished by Collectco Services Sdn. Bhd. which may indicate otherwise.

In prior year, the unquoted shares used cost as fair value because there was insufficient information available to measure fair value during its business incubation period, which was estimated to take approximately 3 years starting from financial year 2018 to financial year 2020.

The unquoted shares amounting to RM1 relates to an investment that was written off in prior year.

14. SUBSIDIARY COMPANIES

	COMPANY 2021 RM	COMPANY 2020 RM
Unquoted shares, at cost	83,321,374	83,821,374
Less: Strike off	-	(500,000)
	83,321,374	83,321,374
Less : Accumulated impairment losses		
At 1 January	(1,674,844)	(3,400,000)
Reversal	-	1,225,156
Strike off	-	500,000
At 31 December	(1,674,844)	(1,674,844)
Net carrying amount	81,646,530	81,646,530

The subsidiary companies are as follows: r.

Name of company	Country of incorporation	Principal activities	Percentage of issued share capital held by the Group 2021	Percentage of issued share capital held by the Group 2020
CNI Enterprise (M) Sdn. Bhd.	Malaysia	Sale and distribution of health care and consumer products	100%	100%
Exclusive Mark (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages	100%	100%
Q-Pack (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of household and personal care products	100%	100%
Infuso Sdn. Bhd.	Malaysia	Supply of food and beverage and investment holding	100%	100%
Lotus Supplies Sdn. Bhd.	Malaysia	Import and distribution of food ingredients, pharmaceutical and healthcare goods, cosmetic and beauty products	70%	70%

14. SUBSIDIARY COMPANIES *(continued)*

Name of company	Country of incorporation	Principal activities	Percentage of issued share capital held by the Group 2021	2020
Subsidiaries of CNI Enterprise (M) Sdn. Bhd.				
Creative Network International (S) Pte. Ltd. *	Singapore	Sale and distribution of health care and consumer products	100%	100%
CNI Global (Malaysia) Sdn. Bhd. #	Malaysia	Dormant	-	100%
Subsidiaries of Exclusive Mark (M) Sdn. Bhd.				
Bright Way Avenue Sdn. Bhd.	Malaysia	Marketing and distributing coffee and other related beverage products	100%	100%
Top One Biotech Co., Ltd. *	Taiwan	Manufacturing, sales and distribution of foodstuffs and groceries products	70%	70%

* Not audited by PCCO PLT

\# On 18 February 2021, the subsidiary company, CNI Global (Malaysia) Sdn. Bhd. applied for striking off to the Companies Commission of Malaysia pursuant to Section 550 of the Companies Act 2016 and was subsequently dissolved on 18 August 2021.

<u>Reversal of impairment loss on investment in subsidiaries</u>

In prior year, there is a reversal of impairment loss amounting to RM1,225,156. The recoverable amount was derived based on fair value less cost to sell of the respective subsidiaries represented by the management of the Company.

14. SUBSIDIARY COMPANIES *(continued)*

The subsidiaries of the Group that have non-controlling interests ("NCI")

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
2021			
NCI percentage of ownership and voting interest (%)	30%	30%	
Carrying amount of NCI	584,243	666,602	1,250,845
Profit/(loss) for the financial year allocated to NCI	56,872	(282,333)	(225,461)
Total comprehensive income/(loss) for the financial year allocated to NCI	56,872	(238,575)	(181,703)
2020			
NCI percentage of ownership and voting interest (%)		30%	30%
Carrying amount of NCI	527,371	905,177	1,432,548
Profit/(loss) for the financial year allocated to NCI	13,495	(172,135)	(158,640)
Total comprehensive income for the financial year allocated to NCI	13,495	(126,638)	(113,143)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM
2021		
Assets and liabilities		
Non-current assets	191,080	675,083
Current assets	1,993,550	1,575,675
Non-current liabilities	(89,779)	-
Current liabilities	(147,374)	(28,752)
Net assets	1,947,477	2,222,006

14. SUBSIDIARY COMPANIES *(continued)*

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM
2021		
Results		
Revenue	4,181,822	586,409
Profit/(loss) for the year	189,574	(941,109)
Total comprehensive income	189,574	(941,109)
Cash flows from:		
- Operating activities	183,699	6,404
- Investing activities	(6,228)	(53,392)
- Financing activities	(18,656)	-

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM
2020		
Assets and liabilities		
Non-current assets	9,464	902,917
Current assets	1,825,473	2,145,974
Current liabilities	(77,034)	(31,635)
Net assets	1,757,903	3,017,256
Results		
Revenue	3,082,775	872,717
Profit/(loss) for the financial year	44,984	(573,784)
Total comprehensive income/(loss)	44,984	(422,128)
Cash flows from:		
- Operating activities	(372,464)	114,634
- Investing activities	(2,201)	(174,349)
- Financing activities	5,638	-

15. ASSOCIATE COMPANIES

	GROUP 2021 RM	GROUP 2020 RM	COMPANY 2021 RM	COMPANY 2020 RM
Unquoted shares				
At cost	4,866,282	4,866,282	4,866,282	4,866,282
Share of post-acquisition reserves				
At 1 January	(3,523,631)	(3,472,673)	-	-
Additions	(324,426)	(50,958)	-	-
At 31 December	(3,848,057)	(3,523,631)	-	-
Less: Accumulated impairment loss				
At 1 January	(1,342,651)	(1,393,609)	(4,866,282)	(4,866,282)
Reversal	324,426	50,958	-	-
At 31 December	(1,018,225)	(1,342,651)	(4,866,282)	(4,866,282)
	-	-	-	-

The associate companies are as follows:

Name of company	Country of incorporation	Principal activities	Group's equity interest 2021	Group's equity interest 2020
CNI Corporation Sdn. Bhd.	Malaysia	Investment holding and provision of management service and commission agent	25.80%	30%
Held by CNI Corporation Sdn. Bhd.				
CNI Venture Sdn. Bhd.	Malaysia	Research and development on healthcare products	25.80%	30%
CNI Enterprise (India) Pvt. Ltd.	India	Dormant	25.80%	30%
CNI VN Co. Ltd.	Vietnam	Direct selling	25.80%	30%

The principal place of business is at Wisma CNI, No. 2, Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

15. ASSOCIATE COMPANIES *(continued)*

Impairment loss

Reversal of impairment loss amounting to RM324,426 (2020: RM50,958) has been recognised in profit or loss to offset against the share of results of associate up to the cost of investment of the associate which is specified under Equity Method Accounting.

The summarised financial information of the associates are as follows:

	2021	2020
	RM	RM
Assets and liabilities		
Non-current assets	269,851	492,844
Current assets	8,099,139	7,354,759
Current liabilities	(8,125,244)	(8,847,093)
Net assets/(liabilities)	243,746	(999,490)
Results		
Revenue	5,312,488	5,057,979
Loss for the year	(1,398,135)	(254,398)
Other comprehensive income for the financial year	(22,036)	84,533
Total comprehensive loss for the financial year	(1,420,171)	(169,865)

The reconciliation of net assets/(liabilities) of associate to the carrying amount of the investment in an associate is as follows:

	2021	2020
	RM	RM
Reconciliation of net liabilities to carrying amount at end of the financial year		
Group's share of net liabilities	(624,271)	(299,845)
Goodwill	1,642,496	1,642,496
Impairment loss	(1,018,225)	(1,342,651)
Carrying amount in the statements of financial position	-	-
Group's share of results for the financial year ended 31 December		
Loss for the financial year	(360,719)	(76,318)
Reversal of share of losses in prior year due to dilution of interest	41,978	-
Other comprehensive income for the financial year	(5,685)	25,360
Total comprehensive income for the financial year	(324,426)	(50,958)

16. INVESTMENT IN PREFERENCE SHARES

	GROUP	
	2021	2020
	RM	RM
Non-current asset		
Non-convertible redeemable preference shares	-	2,311,228
Current asset		
Non-convertible redeemable preference shares	3,450,000	1,046,637
	3,450,000	3,357,865

Investment in preference shares can be analysed as follows:

	GROUP	
	2021	2020
	RM	RM
Minimum payments:		
Present value of investment in preference shares		
Within one year	3,450,000	1,063,636
More than one year and less than two years	-	1,218,182
More than two years and less than five years	-	1,218,182
	3,450,000	3,500,000
Less: Fair value adjustment	-	(142,135)
	3,450,000	3,357,865
Representing:		
Current asset	3,450,000	1,046,637
Non-current asset	-	2,311,228
	3,450,000	3,357,865

16. INVESTMENT IN PREFERENCE SHARES *(continued)*

In previous financial year, the date of redemption of the preference shares as shown above has been further extended from previous redemption date on 30 April 2020 and the above terms stipulated in the Principal Agreement dated on 22 April 2014 has been revised as follows:

(a) dividend of RM131,250 for the period from 1 October 2020 to 31 December 2020 shall be paid to the investing subsidiary company;

(b) no dividend shall be payable to the subsidiary company on or before the expiry of 36 months from 1 January 2021;

(c) the right to dividends for the preference shares shall be non-cumulative and dividends must first be paid to the subsidiary company before holders of ordinary shares or other class of shares of the issuer entitled to receive dividends;

(d) in the event of a winding-up of the issuer, the preference shareholders shall have the right to repayment of capital and the sum equal to the premium paid on the preference shares in priority to ordinary shares or other classes of shares of the issuer and save as aforesaid the preference shares shall not further participate in any surplus assets and profits of the issuer;

(e) 3,500,000 preference shares shall be redeemed not later than 31 December 2023 at a redemption price of RM3,500,000 in which event the redemption price shall be paid to the subsidiary company by 36 monthly instalments commencing from 1 January 2021;

(f) in the event of any delay in payment of the requisite redemption price to the subsidiary company, the issuer is required to pay the subsidiary company an additional sum of 1.5% per mensem on the outstanding redemption price calculated from the due date for redemption until the date the requisite preference shares are redeemed;

(g) the issuer shall charge its properties as collateral with equivalent value of RM3,500,000;

(h) the issuer shall comply with all provisions of the Companies Act 2016 and the Constitutions of issue as regards to variation of the terms of the preference shares; and

(i) all other terms in the agreement other than obligations which have been completed shall remain of full force and effect and read together with the variation above.

During the year, the subsidiary company agreed to waive the late payment interest.

The investment in preference shares is classified as current asset because subsequent to the reporting date, redemption price of RM3,450,000 was fully repaid.

17. DEFERRED TAX ASSETS

	GROUP	
	2021 RM	2020 RM
At 1 January	550,469	428,222
Deferred tax expenses arising from and reversal of temporary differences	(473,007)	121,767
Transferred (to)/from profit or loss (Note 8)	(473,007)	121,767
Exchange differences	540	480
At 31 December	78,002	550,469

17. DEFERRED TAX ASSETS *(continued)*

The components of deferred tax liabilities and assets that are recognised during the financial year are as follows:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities:				
Fair value surplus on investment properties	(77,645)	-	(72,200)	-
Capital allowances in excess of depreciation	(2,236,770)	(1,958,450)	-	-
Deferred tax assets:				
Unused tax losses	1,208,448	1,286,254	45,488	-
Unabsorbed capital allowances	26,712	-	26,712	-
Loss allowance on receivables	1,041,920	-	-	-
Unutilised reinvestment allowances	-	10,398	-	-
Unrealised profits on inventories	-	473,007	-	-
Others	115,337	739,260	-	-
	78,002	550,469	-	-

The amounts of deferred tax assets that are not recognised in the statement of financial position are as follows:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Unrealised loss on foreign exchange	15,603	-	582	-
Unabsorbed capital allowances	121,751	187,463	-	22,925
Unused tax losses	4,833,719	4,798,515	2,153,493	1,864,866
Inventories written down	149,431	-	-	-
Others	11,219	371,906	-	-
	5,131,723	5,357,884	2,154,075	1,887,791

17. DEFERRED TAX ASSETS *(continued)*

The unrecognised deferred tax assets in respect of unused tax losses of the Group and of the Company will expire in accordance with the Income Tax Act 1967 as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Year of Assessment 2028 (2020: 2025)	3,386,018	3,246,909	1,942,578	1,720,951
Year of Assessment 2029 (2020: 2026)	1,074,666	1,437,088	103,997	103,997
Year of Assessment 2030 (2020: 2027)	114,518	114,518	39,918	39,918
Year of Assessment 2031 (2020: 2028)	258,517	-	67,000	-
	4,833,719	4,798,515	2,153,493	1,864,866

18. GOODWILL ON CONSOLIDATION

	GROUP	
	2021	2020
	RM	RM
At 1 January	946,709	946,709
Impairment loss	(946,709)	(946,709)
At 31 December	-	-

19. INVENTORIES

	GROUP	
	2021	2020
	RM	RM
At lower of cost and net realisable value		
Raw materials	6,591,647	4,810,347
Work-in-progress	240,044	70,730
Consumables	404,350	331,425
Packaging materials	2,282,264	2,080,078
Finished goods	396,854	341,200
Goods for resale	4,426,304	6,014,766
	14,341,463	13,648,546

During the financial year, inventories of the Group recognised as cost of sales amounted to RM 31,242,902 (2020: RM28,062,818).

Inventories are written down based on the experience and judgment of the management team on the basis that they reflect expected net realisable value for such inventories. Expired inventories are written off.

The Group's practice is to reverse the amount of inventories written down in prior year and reassess the inventories written down for current year.

20. TRADE RECEIVABLES

		GROUP		COMPANY	
		2021	2020	2021	2020
		RM	RM	RM	RM
Non-current					
External parties	(a)	1,701,043	2,392,969	-	-
Current					
External parties	(a)	6,371,674	8,574,182	-	-
Subsidiary companies	(b)	-	-	985,226	748,787
		6,371,674	8,574,182	985,226	748,787
Less: Loss allowance					
- External parties					
At 1 January		876,736	481,851	-	-
Additions		16,077	417,680	-	-
Reversal		(489,455)	(22,795)	-	-
At 31 December		403,358	876,736	-	-
- Subsidiary companies					
At 1 January		-	-	57,273	-
Additions		-	-	-	57,273
Reversal		-	-	(57,273)	-
At 31 December		-	-	-	57,273
		403,358	876,736	-	57,273
		5,968,316	7,697,446	985,226	691,514

	GROUP	
	2021	2020
	RM	RM
Deferred receivable balance is disclosed as follows:		
Present value of trade receivables		
Within one year	1,219,716	3,439,290
More than one year less than two years	1,796,332	2,492,586
	3,016,048	5,931,876
Less: Unamortised interest	(121,906)	(152,905)
	2,894,142	5,778,971

20. TRADE RECEIVABLES

	GROUP	
	2021	2020
	RM	RM
Representing:		
Current asset	1,193,099	3,386,002
Non-current asset	1,701,043	2,392,969
	2,894,142	5,778,971

(a) The credit terms of external parties of the Group range from 30 to 180 days (2020: 30 to 60 days).

Included in trade receivables of the Group is an amount of RM1,132,588 (2020: RM1,179,709) which are secured by security deposits.

(b) The amounts due from subsidiary companies are on 30 to 90 days (2020: 30 to 90 days) credit term.

(c) Included in trade receivables – external parties (current) is an amount of RM695,511 (2020: RM896,913) due from associate companies which is on credit terms range from 30 to 60 days (2020: 30 to 60 days).

(d) Included in trade receivables – external parties (current) is an amount of RM9,968 (2020: RM1,167) due from related parties which is on credit terms range from 30 to 60 days (2020: 30 to 60 days).

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
United States Dollar	1,223,941	1,055,371	-	-
Singapore Dollar	-	-	24,797	16,358

21. OTHER RECEIVABLES

		GROUP		COMPANY	
		2021	2020	2021	2020
		RM	RM	RM	RM
Amounts due from subsidiary companies	(a)	-	-	2,842,098	3,161,122
External parties	(b)	1,389,287	1,391,302	57,588	194,214
Deposits	(c)	856,943	771,037	1,200	-
Prepayments	(d)	1,079,885	1,021,643	4,540	18,599
		3,326,115	3,183,982	2,905,426	3,373,935
Less: Loss allowance					
- Other receivables					
At 1 January		467,677	439,026	44,342	-
Additions		284,985	44,342	1,246	44,342
Reversal		(73,697)	(15,691)	-	-
At 31 December		678,965	467,677	45,588	44,342
- Amounts due from subsidiaries					
At 1 January		-	-	99,053	147,494
Reversal		-	-	(28,187)	(48,441)
At 31 December		-	-	70,866	99,053
		678,965	467,677	116,454	143,395
		2,647,150	2,716,305	2,788,972	3,230,540

(a) The amounts are non-trade in nature, unsecured, interest free (except for amounts due from a subsidiary of RMNil (2020: RM2,811,884) with interest bearing 3.75% per annum) and are repayable on demand.

(b) Included in other receivables – external parties of the Group are amounts due from related parties amounting to RM351,923 (2020: RM206,641). These amounts are non-trade in nature, unsecured, interest free and repayable on demand.

Included in other receivables – external parties of the Group and of the Company is an amount totalling RM64,106 and RM3,000 (2020: RM188,132 and RM149,872) respectively due from associate companies and on 30 days (2020: 30 days) terms.

Included in other receivables – external parties is a dividend receivable of RM131,250 (2020: RM Nil).

21. OTHER RECEIVABLES *(continued)*

(c) Included in deposits of the Group is an amount of RM7,000 (2020: RM7,000) received from a related party.

(d) Included in the prepayments of the Group are advance payments to suppliers of RM625,991 (2020: RM287,614).

Other receivables denominated in currencies other than the functional currency are as follows:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Thai Baht	146,254	157,327	-	-
Japanese Yen	-	16,499	-	-
United States Dollar	35,064	492,707	35,064	34,489
Singapore Dollar	-	-	70,866	99,743

22. SHORT TERM FUNDS

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Fair value through profit or loss				
Investment in money market funds	12,511,568	9,195,249	3,455,447	1,931,655

23. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Fixed deposits placed with licensed banks	62,305	61,297	-	-
Cash and bank balances	10,204,307	9,071,691	842,834	895,146
	10,266,612	9,132,988	842,834	895,146

The effective interest rates of the deposits placed with licensed banks are 0.05% (2020: 0.12%) per annum and have maturity periods of three months.

23. CASH AND CASH EQUIVALENTS *(continued)*

Cash and bank balances denominated in currencies other than the functional currency are as follows:

	GROUP	
	2021	**2020**
	RM	**RM**
Singapore Dollar	1,157	4,411
Brunei Dollar	293,202	224,834
United States Dollar	398,078	336,902
Japanese Yen	2,456	2,644

24. SHARE CAPITAL

	GROUP AND COMPANY			
	2021		2020	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Ordinary shares	720,000,000	72,000,000	720,000,000	72,000,000

There is no par value for the ordinary shares.

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company.

All ordinary shares carry one vote each without restriction and rank equally with regards to the distribution of the Company's residual assets.

25. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company resold its entire 7,357,100 ordinary shares to the open market.

Thus as at 31 December, the Company held a total of Nil (2020: 7,357,100) ordinary shares of its 720,000,000 ordinary shares as treasury shares.

26. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

27. LEGAL CAPITAL RESERVE

Top One Biotech Co., Ltd., a subsidiary of the Group incorporated in Taiwan, when allocating its profits after provision of tax expense shall first set aside ten percent of the said profits as legal capital reserve under Article 237 of the Taiwan Companies Act. Where such legal capital reserve amounts exceed the total authorised capital, this Article will not be applicable.

The legal capital reserve shall not be used except for making good the loss of the mentioned subsidiary under Article 237 of the Taiwan Companies Act.

28. LEASE LIABILITIES

	GROUP	
Right-of -use assets – premises	**2021**	**2020**
	RM	**RM**
Minimum lease payments:		
Within one year	746,815	755,730
Between two to five years	557,110	340,485
	1,303,925	1,096,215
Less : Future finance charges	(53,455)	(40,140)
Present value of minimum lease payments	1,250,470	1,056,075
Repayments due:		
Within one year	706,987	719,818
Between two to five years	543,483	336,257
	1,250,470	1,056,075
Incremental borrowing cost	3.75% - 5.49%	3.75% - 6.83%
Hire purchase		
Minimum lease payments:		
Within one year	418,181	486,662
Two to five years	695,908	906,005
	1,114,089	1,392,667
Less : Future finance charges	(80,592)	(118,926)
Present value of minimum lease payments	1,033,497	1,273,741
Repayments due:		
Within one year	380,728	474,956
Two to five years	652,769	798,785
	1,033,497	1,273,741
Effective interest rate	2.31% - 4.29%	2.53% - 4.29%
Total lease liabilities		
Repayments due:		
Within one year	1,087,715	1,194,774
Between two to five years	1,196,252	1,135,042
	2,283,967	2,329,816

29. RETIREMENT BENEFITS

	GROUP 2021 RM	GROUP 2020 RM
At 1 January	-	1,943,566
Current service cost and interest	-	39,767
Transfer to amount due to a director	-	(1,983,333)
At 31 December	-	-

30. TRADE PAYABLES

The trade credit terms granted by the trade payables to the Group range from 30 to 90 days (2020: 30 to 90 days).

Included in the Group's trade payables are amounts due to related parties of RM944 (2020: RM604) which are trade in nature and credit term range from 30 to 90 days (2020: 30 to 90 days).

Trade payables denominated in currencies other than the functional currency are as follows:

	GROUP 2021 RM	GROUP 2020 RM
United States Dollar	1,318,205	1,250,596

31. OTHER PAYABLES

		GROUP		COMPANY	
		2021	2020	2021	2020
		RM	RM	RM	RM
External parties	(a)	2,179,872	2,518,885	1,230	1,340
Deposits		1,701,617	1,417,347	35,000	35,000
Accruals		5,545,753	4,667,923	165,563	97,784
Amount due to a director	(b)	1,683,333	1,783,333	-	-
Amounts due to subsidiary companies	(c)	-	-	18,101	-
		11,110,575	10,387,488	219,894	134,124

(a) Generally, other payables are interest free and on 30 to 90 days (2020: 30 to 90 days) credit term. Included in the Group's external parties are advance receipts from customers of RM668,702 (2020: RM806,726) and amounts due to related parties of RM20,617 (2020: RM73,638) respectively. The amounts due to related parties are non-trade in nature, unsecured, interest free and repayable on demand.

There is also an amount of RM452,171 (2020: RM394,778) due to associate companies which is unsecured, interest free and on 30 days (2020: 30 days) term.

31. OTHER PAYABLES *(continued)*

(b) The amount due to a director is unsecured, interest free and repayable on demand.

(c) The amounts due to subsidiary companies are non-trade in nature, unsecured, interest free and repayable on demand.

Other payables denominated in currencies other than the functional currency are as follows:

	GROUP	
	2021	**2020**
	RM	**RM**
British Pound	-	20,002
United States Dollar	20,825	380,859

32. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Significant related party transactions

	GROUP	
	2021	**2020**
	RM	**RM**
Transactions with related parties:		
Sales of food and beverages	(140)	(1,405)
Royalty payable	249,673	252,651
Rental of premises paid	32,400	32,400
Transaction with associate companies:		
Sales of goods	(1,272,756)	(1,503,239)
Research and development expenses	266,822	272,946
Rental of premises	45,600	58,800
Commission paid	10,928	55,505
Human resource sharing fees	(64,224)	(67,224)

32. RELATED PARTIES *(continued)*

Significant related party transactions *(continued)*

	GROUP	
	2021	**2020**
	RM	**RM**
Transaction with associate companies *(continued)*:		
Rental income from premises	(169,956)	(189,064)
Information communication technologies services income	(35,140)	(28,440)
Management fee	339,226	292,066
Consultancy fee	77,088	-
Transactions with a director:		
Consultancy fee	79,916	134,400
Transactions with a directors of a subsidiary company:		
Consultancy fee:	10,803	-

	COMPANY	
	2021	**2020**
	RM	**RM**
Transactions with subsidiaries:		
Information communication technologies shared charges	44,205	51,773
Interest income	(936)	(112,196)
Management fees	(1,423,094)	(1,423,094)
Purchases of goods	-	63,068
Rental of premises	104,880	158,018
Transaction with associate:		
Human resource sharing fees	(36,000)	(36,000)
Transactions with a director:		
Consultancy fee	-	134,400

Compensation of key management personnel

The key management personnel are defined as directors having authority and responsibility for planning, directing and controlling the financial and operating policies of the Group and of the Company either directly or indirectly. The key management personnel include all the directors of the Company and its subsidiaries.

The remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 7(a).

33. LEASE ARRANGEMENTS

The future minimum lease payments receivable under non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Within one year	531,856	480,000	120,000	120,000
Between two to five years	414,571	860,000	170,000	290,000
	946,427	1,340,000	290,000	410,000

34. CAPITAL COMMITMENTS

	GROUP	
	2021	**2020**
	RM	**RM**
Approved and contracted for:		
Purchase of property, plant and equipment	56,361	831,390

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

Manufacturing:	Manufacturing, trading and packaging of foodstuffs, beverages, household and personal care products
Marketing and trading:	Sales and distribution of health care, consumer products, food ingredients, coffee and other related beverage products.
Others:	Investment holding and operation of food and beverage outlets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated statement of comprehensive income.

35. SEGMENT INFORMATION *(continued)*

2021	Note	Manufacturing RM	Marketing and trading RM	Others RM	Adjustments and eliminations RM	Consolidated RM
Revenue						
External revenue		12,228,013	61,591,652	312,814	-	74,132,479
Intersegment revenue	(a)	13,792,338	11,276	1,720,088	(15,523,702)	-
Total revenue		26,020,351	61,602,928	2,032,902	(15,523,702)	74,132,479
Results						
Interest income		(39,197)	(35,485)	(9,624)	936	(83,370)
Dividend income from short term fund		(40,409)	(92,095)	(58,077)	-	(190,581)
Depreciation and amortisation		1,135,139	1,794,367	160,075	-	3,089,581
Interest expenses		74,663	53,934	2,461	(936)	130,122
Material non-cash (expenses)/income						
Bad debts written off		-	279,087	-	-	279,087
Fair value adjustment on investment in preference shares		-	-	(142,135)	-	(142,135)
Fair value adjustment on trade receivables		123,968	-	-	-	123,968
Fair value changes on investment properties		95,078	-	(180,000)	-	(84,922)
Loss allowance on other receivables		283,739	-	1,246	-	284,985

35. SEGMENT INFORMATION *(continued)*

	Note	Manufacturing RM	Marketing and trading RM	Others RM	Adjustments and eliminations RM	Consolidated RM
Inventories written off		14,563	135,977	-	-	150,540
Inventories written down		133,000	552,401	-	-	685,401
Property, plant and equipment written off		17,164	138,059	532	-	155,755
Reversal of loss allowance on trade receivables		(276,256)	(213,199)	(57,273)	57,273	(489,455)
Reversal of inventories written down		(131,000)	(454,446)	-	-	(585,446)
Fair value changes on short term funds		2,532	69,275	29,285	-	101,092
Taxation		-	1,157,349	-	473,007	1,630,356
Share of losses in associate companies		-	-	(318,740)	-	(318,740)
Segment (loss)/profit before tax	(c)	(7,373,807)	4,870,063	(328,190)	4,893,580	2,061,646
Segment assets						
Additions to non-current assets:						
Property, plant and equipment		329,358	477,364	2,065	-	808,787
Intangible assets		235,152	42,129	-	-	277,281
Investment properties		2,595,078	-	-	-	2,595,078
Right-of-use assets		-	645,813	-	-	645,813
Segment assets	(a)	32,264,190	51,460,323	95,788,465	(89,469,848)	90,043,130
Segment liabilities	(a)	10,422,682	17,250,849	3,433,018	(13,696,580)	17,409,969

35. SEGMENT INFORMATION *(continued)*

	Note	Manufacturing RM	Marketing and trading RM	Others RM	Adjustments and eliminations RM	Consolidated RM
2020						
Revenue						
External revenue		13,158,369	54,092,695	438,853	-	67,689,917
Intersegment revenue	(a)	15,070,001	638,599	1,805,988	(17,514,588)	-
Total revenue		28,228,370	54,731,294	2,244,841	(17,514,588)	67,689,917
Results						
Interest income		72,058	120,623	287,891	(112,196)	368,376
Dividend income		-	-	621,824	-	621,824
Depreciation and amortisation		(975,510)	(1,935,323)	(169,870)	-	(3,080,703)
Other non-cash (expenses)/income	(b)	501,996	327,257	(881,169)	875,993	824,077
Segment (loss)/profit before tax	(c)	(1,929,632)	1,644,451	1,848,827	(806,439)	757,207
Segment assets						
Additions to non-current assets	(d)	402,186	1,445,179	4,156	(12,874)	1,838,647
Segment assets		39,805,654	47,804,837	94,329,579	(95,519,950)	86,420,120
Segment liabilities		10,736,199	17,335,602	3,180,932	(15,423,210)	15,829,523

35. SEGMENT INFORMATION *(continued)*

(a) Inter-segment revenue is eliminated on consolidation.
Inter-segment assets and liabilities are eliminated on concolidation.

(b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	2020 RM
Bad debts written off	234,682
Fair value adjustment on investment in preference shares	142,135
Fair value adjustment on deferred trade receivables	152,905
Gain on disposal of a subsidiary	(280,055)
Impairment loss on:	
- Trade receivables	417,680
- Other receivables	44,342
- Investment in an associate	(50,958)
Intangible assets written off	1,568
Inventories written off	751,379
Loss on disposal of property, plant and equipment	38,446
Property, plant and equipment written off	7,668
Retirement benefit expense	39,767
Reversal of impairment loss on:	
- Property, plant and equipment	(1,006)
- Investment in an associate	50,958
Reversal of inventories written down	(649,549)
Unrealised loss on foreign exchange	194,888
Reversal of accruals no longer required	(193,969)
Waiver of amount due to trade payables	(38,318)
Reversal of loss allowance on:	
- Trade receivables	(22,795)
- Other receivables	(15,691)
	824,077

(c) The following items are added to/(deducted from) segment (loss)/profit before taxation to arrive at (loss)/profit before taxation presented in the consolidated statements of comprehensive income:

	GROUP	
	2021 RM	2020 RM
Share of results of associate companies	(318,740)	(75,608)
Inter-group transactions	5,212,320	(730,831)
	4,893,580	(806,439)

35. SEGMENT INFORMATION *(continued)*

(d) Additions to non-current assets consist of:

	GROUP 2020 RM
Property, plant and equipment	451,059
Intangible assets	185,650
Right-of-use assets	1,201,938
	1,838,647

(e) Geographical information

Revenue information based on the geographical location of customers is as follows:

	GROUP	
	2021 RM	2020 RM
China	161,619	378,186
Hong Kong	362,688	400,260
Indonesia	1,377,468	1,923,641
Malaysia	67,877,313	58,663,265
Myanmar	-	99,178
Singapore	2,792,258	2,878,662
Brunei	-	1,968,174
Taiwan	170,567	213,575
Thailand	323,717	245,360
United States of America	590,115	489,257
Philippines	-	153,172
Others	476,734	277,187
	74,132,479	67,689,917

As at the reporting date, there is no single external customer accounting for 10 per cent or more of Group's revenue.

Some of the comparatives in Note (b) and (d) were not reclassified to current year's presentation because the benefits derived do not justify the costs required.

35. SEGMENT INFORMATION *(continued)*

(e) Geographical information (continued)

The following is the analysis of non-current assets other than financial instruments and deferred tax assets analysed by the Group's geographical location.

	Malaysia RM	Singapore RM	Taiwan RM	Consolidated RM
2021				
Property, plant and equipment	31,065,453	535,051	377,045	31,977,549
Investment properties	5,104,000	-	-	5,104,000
Intangible assets	1,090,859	-	287,036	1,377,895
Total non-current assets (excluding financial instruments and deferred tax assets)	37,260,312	535,051	664,081	38,459,444
2020				
Property, plant and equipment	33,182,323	8,541	630,007	33,820,871
Investment properties	2,424,000	-	-	2,424,000
Intangible assets	567,767	923	262,449	831,139
Total non-current assets (excluding financial instruments and deferred tax assets)	36,174,090	9,464	892,456	37,076,010

36. SIGNIFICANT EVENTS DURING THE YEAR

(a) During the year, an ex-director of a subsidiary company has made a representation against the Company on constructive dismissal to the Industrial Court of Malaysia. The hearing is fixed on 7 September 2022 and 8 September 2022.

(b) With the emergence of numerous variants of the Coronavirus, the Covid-19 pandemic continues to infect the world. Closing of borders, lockdowns and various measures periodically undertaken by affected countries adversely impacted the recovery of the global economies including Malaysia.

The Group and the Company have taken cognizance of the challenging market conditions and continue to review their operations to ensure the Group and the Company remains resilient.

37. EVENTS SUBSEQUENT TO THE REPORTING DATE

(a) Subsequent to the reporting date, a subsidiary company has committed to dispose its capital work-in-progress for a total consideration of RM1,331,730 and pending execution of the Sales and Purchase Agreement.

(b) Subsequent to the reporting date, despite the gradual re-opening of the economy, the outlook remains uncertain. Thus, the Group and the Company will continue to monitor the Covid-19 pandemic situation and will take action as and when necessary.

(c) Subsequent to the reporting date, the redemption price of RM3,450,000 of the Group's preference shares was fully received.

38. COMPARATIVE FIGURES

The future minimum lease payments receivable under non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

(a) the Group's and the Company's short term funds are considered as short-term investment rather than cash and cash equivalents;

(b) certain Group's other income is considered as revenue rather than other income; and

(c) certain Company's other receivables which are trade in nature are considered as trade receivables rather than other receivables.

38. COMPARATIVE FIGURES *(continued)*

GROUP	As previously reported 2020 RM	As reclassified 2020 RM
Consolidated statement of comprehensive income		
Revenue	67,391,773	67,689,917
Gross profit	38,244,984	38,543,128
Other income	3,250,601	2,952,457
Consolidated statement of financial position		
Short term funds	-	9,195,249
Cash and cash equivalents	18,328,237	9,132,988

Consolidated statement of cash flows	As previously reported 2020 RM	As reclassified 2020 RM
Net cash inflows from operating activities	4,306,385	4,166,349
Purchase of short term funds	-	(4,686,589)
Proceeds from disposal of short term funds	-	2,690,566
Dividend received from short term funds	-	160,623
Net cash outflows from investing activities	(411,799)	(2,247,199)
Cash and cash equivalents at beginning of the year	15,787,911	8,568,098
Cash and cash equivalents at end of year	18,328,237	9,132,988

COMPANY Statement of financial position	As previously reported 2020 RM	As reclassified 2020 RM
Trade receivables	-	691,514
Other receivables	3,922,054	3,230,540
Short term funds	-	1,931,655
Cash and cash equivalents	2,826,801	895,146

COMPANY Statement of cash flows	As previously reported 2020 RM	As reclassified 2020 RM
Net cash outflows from operating activities	(249,746)	(302,580)
Dividend received from short term funds	-	60,876
Purchase of short term funds	-	(50,975)
Net cash inflows from investing activities	155,971	165,872
Cash and cash equivalents at beginning of the year	2,936,124	1,047,402
Cash and cash equivalents at end of year	2,826,801	895,146

The comparative figures were not audited by PCCO PLT.

LIST OF PROPERTIES

The properties held by the Group and the Company as at 31 December 2021 are as follows:

Location / Postal address	Description / existing use	Land area / built-up area (sq. feet)	Land Tenure (expiry date)	Approximate age (year)	Audited net book value as at 31.12.2021 (RM'000)	Date of Acquisition/ last revaluation
Geran 215137 Lot 61741, Bandar Glenmarie, Daerah Petaling, Selangor Darul Ehsan Wisma CNI, No. 2, Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park,Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan	Commercial Buildings / Office cum factory	175,592 / 197,421	Freehold	25	18,383	1 Apr 1994 / -
Country Lease, No. 015636807, District of Kota Kinabalu, Locality of Kuala Menggatal, State of Sabah Lot No. 144 (DBKK No. Q-6), Block Q, Alamesra Plaza Permai, Lorong Plaza Permai 1, Sulaman Coastal Highway, 88450 Kota Kinabalu, Sabah	3-storey shop cum office (corner) / Renting out to third parties	2,273 / 6,504	Leasehold – 99 years (31 Dec 2098)	15	1,980	19 Jun 2008 / 24 Dec 2019
HSD 28228 PT 9114 Mukim and Daerah of Sepang, State of Selangor (Parcel No. 1B-080 Type: Travelers Palm Upper 1, Storey No. Level 2 (First Floor), Building No. L06, The Golden Palm Tree Water Villas Villa No. 080 Golden Palm Tree Water Villas, No. 67 Jalan Pantai Bagan Lalang, Kg Bagan Lalang, 43950 Sungai Pelek, Selangor Darul Ehsan	2-storey water villas (first floor) / Renting out to third parties	- / 570	Leasehold – 90 years (1st May 2107)	11	624	15 Mar 2017 / -
Geran 335021 Lot 119166 Mukim Dengkil Daerah Sepang, Negeri Selangor Parcel No. C-08-03 Level 3 Block C, Tamarind Square, Cyber 10, 63000 Cyberjaya, Selangor Darul Ehsan.	Semi-detached shop/office	3,826	Freehold	3	2,500	4 Mar 2021/ 22 Feb 2022

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”):

1. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from any corporate proposals during the financial year.

2. Audit and Non-audit Fees

The amount of audit and non-audit fees paid or payable by the Company and the Group to the external auditors or a firm or corporation affiliated to the auditors’ firm for the financial year ended 31 December 2021 are as follows:

	Company (RM)	Group (RM)
Audit fees	18,000	163,563
Non-audit fees	5,000	5,000

3. Material Contracts

Save as those described in Note 32 to the Audited Financial Statements on pages 128 to 129 of this Annual Report, there were no material contracts entered into by the Company and its subsidiaries involving the interests of directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 11 May 2021, the Company obtained a mandate from its shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The details of the recurrent related party transactions conducted during the financial year ended 31 December 2021 pursuant to the said shareholders' mandate are disclosed as follows:

Transacting Party	Company within CNI Group	Interested Related Parties	Amount transacted during the financial year RM'000	Nature of transactions
CNI Corporation Sdn Bhd (CNI Corp)	CNI Enterprise (M) Sdn Bhd (CNIE)	Dato’ Koh Peng Chor Koh How Loon Chew Boon Swee	339	Provision of management services to CNIE
	CNIE		239	Purchase of health care and consumer products

Transacting Party	Company within CNI Group	Interested Related Parties	Amount transacted during the financial year RM'000	Nature of transactions
	Exclusive Mark (M) Sdn Bhd (EM)		11	Commission payable to CNI Corp for securing sales order for EM
	EM		881	Purchase of beverages and supplements from EM
CNI Venture Sdn Bhd	EM	Dato' Koh Peng Chor Koh How Loon Chew Boon Swee	175	Provision of research, development and testing services to EM
CNI IPHC	CNIE	Dato' Koh Peng Chor Chew Boon Swee	249	Payment of trademark fee by CNIE
Yee Kee Bing trading as Cedarwoods Coaching & Consulting	CNIE	Yee Kee Bing	77	Provision of consultancy and management services to CNIE

ANALYSIS OF SHAREHOLDINGS
As At 1 April 2022

Issued Share Capital	:	RM 72,000,000 comprising 720,000,000 Ordinary Shares
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders				No. of Issued Shares			
	Malaysian		Foreigner		Malaysian		Foreigner	
Size of shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100	356	3.61	5	0.05	10,458	(1)	190	(1)
100 - 1,000	3,604	36.52	266	2.70	1,881,164	0.26	157,340	0.02
1,001 – 10,000	3,485	35.32	103	1.04	11,934,422	1.66	258,860	0.04
10,001 – 100,000	1,616	16.38	11	0.11	60,852,937	8.45	341,300	0.05
100,001 – 35,999,999 (*)	414	4.19	7	0.07	275,658,874	38.29	5,378,322	0.75
36,000,000 and above (**)	1	0.01	0	0.00	363,526,123	50.49	0	0.00
Total	**9,476**	**96.03**	**392**	**3.97**	**713,863,978**	**99.15**	**6,136,022**	**0.86**

Notes:
(*) Less than 5% of issued shares
(**) 5% and above of issued shares
(1) Less than 0.01%

DIRECTORS' INTERESTS IN SHARES BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct Interests		Deemed Interests	
Name of Directors	**No. of Issued Shares**	**% of Issued Shares**	**No. of Issued Shares**	**% of Issued Shares**
Dato' Koh Peng Chor	5,028,680	0.70	373,983,483(1)	51.94
Koh How Loon	1,679,180	0.23	370,671,643(2)	51.48
Chew Boon Swee	1,128,614	0.16	6,534,120(3)	0.91
Yee Kee Bing	-	-	-	-
Dr. Ch'ng Huck Khoon	-	-	1,000(3)	(4)
Lim Lean Eng	-	-	62,520(3)	0.01

Notes:
(1) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his spouse and children.
(2) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd.
(3) Disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his spouse or parent.
(4) Less than 0.01%

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Deemed Interests	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Marvellous Heights Sdn Bhd	363,526,123	50.49	-	-
PC Marketing Sdn Bhd	7,145,520	0.99	363,526,123[1]	50.49
Dato' Koh Peng Chor	7,145,520	0.70	373,983,483[2]	51.94
Datin Chuah Tek Lan	1,167,200	0.16	377,844,963[2]	52.48
Koh How Loon	1,679,180	0.23	370,671,643[3]	51.48

Notes:
(1) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of its shareholdings in Marvellous Heights Sdn Bhd.
(2) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his/her shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his/her spouse and children.
(3) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd.

TOP 30 SECURITIES ACCOUNT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Issued Shares	% of Issued Shares
1.	Marvellous Heights Sdn Bhd	363,526,123	50.49
2.	Wong Siew Fong	27,647,980	3.84
3.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	16,071,000	2.23
4.	Ong Teck Seng	12,000,000	1.67
5.	Toh Siew Kee	8,221,954	1.14
6.	Tan Yuan Fang	7,896,090	1.10
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For PC Marketing Sdn Bhd	6,760,920	0.94
8.	Moy Mee Leng	6,334,120	0.88
9.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Koh Peng Chor	5,028,680	0.70
10.	Maybank Nominees (Tempatan) Sdn Bhd Chan Sook Cheng	4,207,100	0.58
11.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kek ChunYong	4,118,000	0.57
12.	Chan Mung Bong	4,043,100	0.56
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Geok Wah	3,825,600	0.53
14.	Dev Shanan	3,729,900	0.52
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap	3,620,000	0.50
16.	Chong Choy Chin	3,599,800	0.50
17.	Tee Yen Chong	3,482,400	0.48
18.	Tang Chin Chuai	3,184,700	0.44
19.	Suharman Subianto	3,102,532	0.43
20.	Cheong Chee Kee	2,463,666	0.34
21.	Chooi Heng Yuen	2,400,000	0.33
22.	Toh Eng Keat	2,365,200	0.33
23.	Koh Tiah Siew	2,295,857	0.32
24.	Chew Ting Long	1,900,000	0.26
25.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Koh How Loon	1,672,280	0.23
26.	Sim Kian Seng	1,500,100	0.21
27.	Loo Nic Kee	1,500,000	0.21
28.	SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	1,500,000	0.21
29.	Leong Moon Sang	1,420,000	0.20
30.	Ooi Keng Thye	1,358,400	0.19
	Total	510,775,502	70.93

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third (33rd) Annual General Meeting ("AGM") of Citra Nusa Holdings Berhad (Formerly known as CNI Holdings Berhad) ("CNH" or "the Company") will be held virtually from Diamond Hall, First Floor, Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan as the **Broadcast Venue** on **Wednesday, 25 May 2022 at 11.00 a.m.** for the transaction of the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.

2. To re-elect Dato' Koh Peng Chor who retires by rotation in accordance with Articles 110 and 111 of the Company's Constitution and who, being eligible, offer himself for re-election. **Resolution 1**

3. To note that Dr. Ch'ng Huck Khoon who retires by rotation in accordance with Articles 110 and 111 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the AGM.

4. To approve the payment of Directors' fees amounting to RM348,000 for the Non-Executive Director in respect of the financial year ended 31 December 2021. **Resolution 2**

5. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM80,000 from 26 May 2022 until the next AGM of the Company. **Resolution 3**

6. To re-appoint PCCO PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to determine their remuneration. **Resolution 4**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

7. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Resolution 5**

   "THAT authority be and is hereby given to retain Mr. Lim Lean Eng who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

8. **AUTHORITY TO DIRECTORS TO ISSUE SHARES** **Resolution 6**

   "THAT, subject always to the Companies Act, 2016, the Company's Constitution and approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby authorised pursuant to Section 75 and Section 76 of the Companies Act, 2016, to issue shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall commerce immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Resolution 7**

"THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act, 2016 ("Act"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant government and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.6 Part A of the Circular to Shareholders dated 29 April 2022, which are entered into in the ordinary course of business which are necessary for the day-to-day operations of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company (Mandate);

THAT the Mandate is subject to annual renewal and shall continue to be in force until:

a) the conclusion of the next AGM of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM the Mandate is renewed;

b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders in a general meeting of the Company,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

Resolution 8

10. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT, subject to the provisions of the Companies Act, 2016, the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities, as the Directors may deem fit in the interests of the Company, provided that:

(a) the aggregate number of shares to be purchased does not exceed 10% of the total number of issued shares for the time being of the Company;

(b) the maximum funds to be allocated by the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable); and

(c) the Directors of the Company be and are hereby authorise to retain the shares so purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to distribute the treasury shares as share dividends to shareholders or to resell the treasury shares;

THAT the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:

a) the conclusion of the next AGM of the Company at which time it will lapse, unless by ordinary resolution passed at the AGM the authority is renewed unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting of the Company,

whichever occur first;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the Proposed Renewal of Share Buy-Back Authority with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

11. To transact any other business of which due notice shall have been received in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

CHIN YOKE KWAI
CCM PC No. 201908002010
MAICSA 7032000
Company Secretary

Shah Alam
29 April 2022

Notes:

1. Registration for Remote Participation and Voting (RPV) Facilities

1.1 The Company's virtual 33rd AGM will be conducted online from the Broadcast Venue. Members can attend, participate and vote in the meeting remotely (online) via the website at https://agm.citranusaholdings.com by using the RPV facilities. At the Broadcast Venue, only the essential individuals are physically present to organise the virtual 33rd AGM.
1.2 Registration for RPV is open from the date of the Notice of the 33rd AGM on Friday, 29 April 2022 until **Tuesday, 24 May 2022**.
1.3 Member(s), proxy(ies) or corporate representative(s) are required to register as a user with https://agm.citranusaholdings.com first and then pre-register their attendance for the 33rd AGM for verification of their eligibility to attend the 33rd AGM using the RPV based on the General Meeting Record of Depositors as at **17 May 2022**.

2. Proxy

2.1 Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the AGM, and that such proxy need not be a Member.
2.2 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holding to be represented by each proxy.
2.3 The instrument appointing a proxy shall be in writing under the hand of the Member or of his/her attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.
2.4 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 33rd AGM of the Company will be put to vote on a poll.
2.5 The Form of Proxy and/or documents relating to the appointment of proxy/corporate representative for the 33rd AGM shall be deposited or submitted in hard copy in the following manner not later than **11.00 a.m.** on **Tuesday, 24 May 2022** in accordance with Article 90 of the Company's Constitution:

(a) By hand or post: to the Company's registered office at Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
(b) By fax at 03-5569 3308 or email to cnisec@cni.my

2.6 The detailed requirements and procedures for the submission of proxy forms are set out in the Administrative Guide.

EXPLANATORY NOTES

1. Audited Financial Statements for the financial year ended 31 December 2021

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, shall not be put for voting.

2. Ordinary Resolution 1: Re-election of Director

Dato' Koh Peng Chor who retires in accordance with Articles 110 and 111 of the Company's Constitution, is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 33rd AGM.

The Director standing for re-election has undergone a performance evaluation and has demonstrated that he remains committed to the role and continues to be an effective and valuable member of the Board.

3. Ordinary Resolution 2: Directors' fees for the Non-Executive Directors ("NEDs")

The Nomination and Remuneration Committee (NRC) and the Board have reviewed the Directors' fees after taking into account fee levels and trends for similar positions in the market and time commitment required from the Directors.

4. Ordinary Resolution 3: Benefits payable to the Non-Executive Directors ("NEDs")

The benefits payable to the NEDs comprise the allowances and other emoluments payable to the NEDs. The total estimated amount of benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings for the period commencing 26 May 2022 until the next AGM.

5. Ordinary Resolution 4: Re-Appointment of Auditors

   The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the external auditors in carrying out their functions. Being satisfied with the external auditors' performance, the Board recommends their re-appointment for shareholders' approval.

6. Ordinary Resolution 5: Retention of Independent Non-Executive Director

   The Board through the Nomination and Remuneration Committee (NRC) has determined and satisfied that Mr. Lim Lean Eng is able to carry out his duties in a fair, impartial and conscientious manner. The Board is of the opinion that he can continue to bring independent and objective judgements to the Board. He challenges the Management in an effective and constructive manner, providing check and balance in the Board proceedings. He actively participated in the Board discussion and provided an independent voice on the Board. The Board therefore endorsed the NRC's recommendation for him to be retained as an Independent Director.

7. Ordinary Resolution 6: Authority to Directors to Issue Shares

   The proposed resolution, if passed, will give powers to the Directors to issue ordinary shares in the share capital of the Company and to provide the Company the flexibility to undertake any share issuance, including placement of shares for the purpose of funding current and/or future investments project, working capital and/or acquisition, as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis, without having to convene a general meeting. This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   The general mandate obtained from the shareholders of the Company at the previous AGM held on 11 May 2021 had not been utilised and hence, no proceeds were raised therefrom.

8. Ordinary Resolution 7: Proposed Shareholders' Mandate

   The proposed resolution, if passed, will allow the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to the Circular to Shareholders dated 29 April 2022 for further information.

9. Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority

   The proposed resolution, if passed, will empower the Directors to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase its own shares of up to 10% of the total number of issued shares of the Company for the time being.

   Based on the Audited Financial Statements of the Company as at 31 December 2021, the Company's retained profits amounted to RRM19,598,432.

   Please refer to the Share Buy-Back Statement dated 29 April 2022 for further information.

10. Pursuant to Section 320 of the Companies Act 2016, the Notice of the Company's 33rd AGM is also available on the Company's website at https://www.citranusaholdings.com under 'AGM' section throughout the period beginning from the date of notice until the conclusion of the 33rd AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Further Details of Individuals Who are Standing for Election as Directors (Excluding Directors Standing for Re-election)

There is no individual seeking election as a Director at the Thirty-Third (33rd) AGM of the Company.

ADMINISTRATIVE GUIDE FOR THE 33ND ANNUAL GENERAL MEETING

1. Virtual Video Conference 33rd Annual General Meeting ("AGM")

Date	:	**Wednesday, 25 May 2022**
Time	:	**11.00 a.m.**
Broadcast Venue	:	**Diamond Hall, 1st Floor, Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor**
Virtual Meeting accessible at	:	**https://agm.citranusaholdings.com Zoom Cloud Meeting App**

(If you are using a smartphone to participate in the meeting, please download Zoom Cloud Meetings App from the Google Play Store or App Store before the meeting)

With reference to the revised "Guidance and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission Malaysia ("SC's Guidance") on 16 July 2021, listed issuers are encouraged to continue leverage technology in conducting general meetings beyond Movement Control Order.

A virtual 33rd AGM will be conducted online from the Broadcast Venue, and shareholders will participate via the RPV facilities video conference capabilities. The Broadcast Venue is the main venue where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016 together with essential individuals in accordance with Notes 1.2 of the SC's Guidance. Shareholder(s), proxy(ies), authorised representative(s) or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue.

2. General Meeting Record of Depositors

For the purpose of determining the Shareholder who shall be entitled to attend the 33rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 73 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors ("ROD") **as at 17 May 2022 ("General Meeting ROD")**. Only a Shareholder whose name appears on the ROD as at 17 May 2022 shall be entitled to attend the AGM virtually or appoint proxies to attend and/or vote on his/her behalf.

3. Registration for RPV at the 33rd AGM

You are invited to attend the 33rd AGM to exercise your right to attend, participate and vote at the meeting remotely by using the RPV facilities at https://agm.citranusaholdings.com from the comfort of your home. To do so, **you must take the following steps:**

(a) Register as a user

(i) Access the website at https://agm.citranusaholdings.com
(ii) Click <<Registration>> to sign up as a user.
(iii) Read and confirm the terms & conditions
(iv) Complete the registration by filling up the information required and upload a softcopy of your MyKad/ IC (front) or your Passport.
(v) Please enter a **valid email address** (which will be your user ID) and wait for the Company's email verification.
(vi) Your registration will be verified within one (1) business day and an email notification will be sent to you. If you do not see the email in your inbox, please check your "junk mail" folder or "spam" folder.
(vii) You will receive a default password in the same email from the Company. You must activate your account by re-setting your own password. You can click the link in the same email or login to https://agm.citranusaholdings.com to reset your own password.
(viii) The Company will send an email to notify that your registration for remote participation is approved.

(b) Approval of your registration

(i) After verification of your registration against the General Meeting ROD as at 17 May 2022, the Company will send an email on 24 May 2022 to confirm the approval of your registration for RPV. The procedures to use the RPV are detailed in the email and as set out in Note 6 below.
(ii) In the event your registration is not approved, you will be notified via email.

4. Proxy

(a) Appointment of Chairman of the meeting as proxy

If a shareholder is not able to attend the 33rd AGM via RPV facilities, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy. The same must be deposited or submitted in accordance with Note 4(d) below.

(b) Appointment of proxy or corporate representative

(i) A shareholder who has appointed a proxy(ies) or corporate representative(s) to participate at this 33rd AGM via RPV must ensure that the Form of Proxy is completed with required information, signed and dated accordingly. The same must be deposited in accordance with Note 4(d) below.

(ii) The shareholder must also request his/her proxy(ies) or authorised representative to register himself/herself as a user with the website at https://agm.citranusaholdings.com (refer to Note 3(a) above).

(c) Documents relating to appointment as corporate representative

For a corporate member who has appointed a representative to participate in the 33rd AGM, please deposit the ORIGINAL certificate of appointment in accordance with Note 4(d) below..

(d) Cut-off date and time for lodgement of Form of Proxy

The Form of Proxy and/or documents relating to the appointment of proxy/corporate representative for the 33rd AGM shall be deposited or submitted in hard copy in the following manner not later than **Tuesday, 24 May 2022 at 11.00 a.m.** in accordance with Article 90 of the Company's Constitution:

(i) By hand or post: to the Company's registered office at Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
(ii) By fax at 03-5569 3308 or email to cnisec@cni.my

5. Poll Voting

The voting at the 33rd AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(a) The Company has appointed a Poll Administrator to conduct the poll by way of online voting. During the meeting, the Chairman will invite the Poll Administrator to brief you on the online voting process. The online voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the end of the voting session. This is in line with the SC's Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.

(b) The Company has appointed an Independent Scrutineers to verify the poll results. Upon completion of the voting session for the 33rd AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

6. Remote Participation and Voting ("RPV") on the date of the 33rd AGM

With the approved registration for RPV, you have the right to join the meeting and vote remotely. Your login to the website at https://agm.citranusaholdings.com indicates your attendance at the virtual 33rd AGM. The procedures for the RPV facilities are as summarised below:

(a) Participate through Zoom

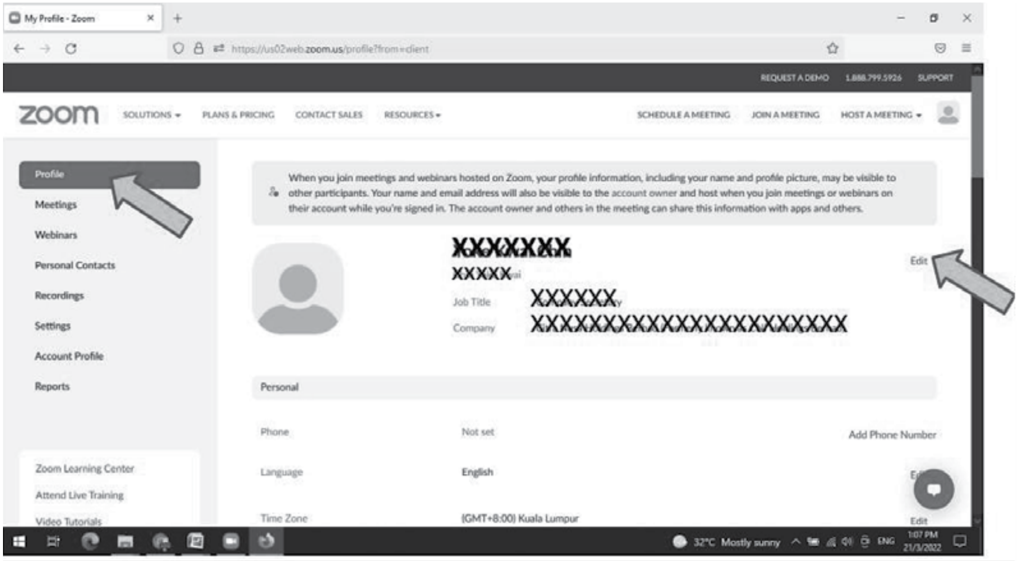
Login to https://agm.citranusaholdings.com with your user ID (email address) and password for remote participation at the 33rd AGM at any time from 10.30 a.m. i.e. 30 minutes before the commencement of 33rd AGM at 11.00 a.m. on Wednesday, 25 May 2022.

We are using Zoom to conduct the meeting, please test your video feed, microphone and internet connection through zoom software (https://support.zoom.us/hc/en-us/categories/200101697-Getting-Started?mobile_site=true) before the meeting starts. It is also available in iPhone and Android phone.

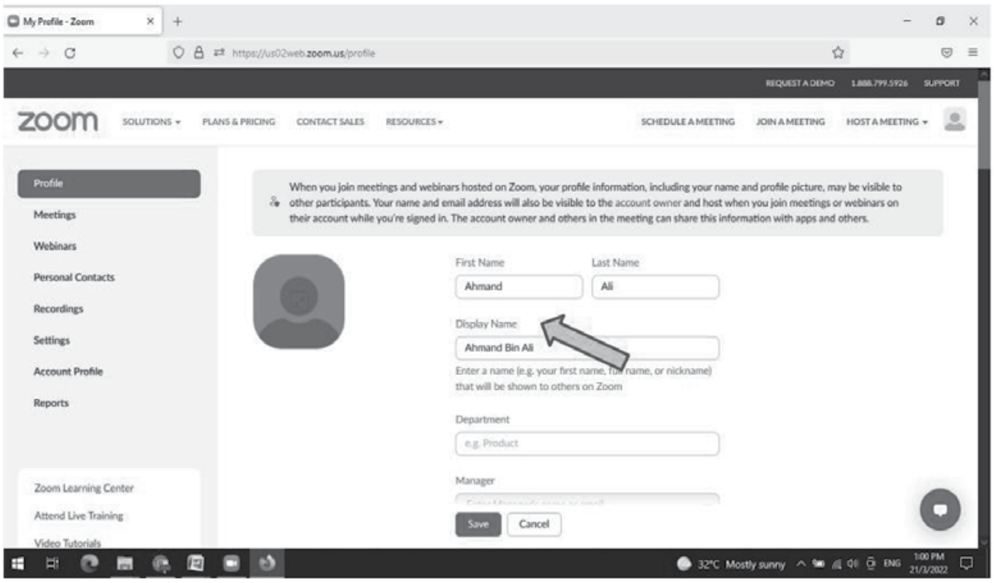
Please change the display name to the name as per your NRIC in your Zoom account profile as follows:

Sign in your Zoom account, look for "My Profile"

Select "Profile" and click "Edit" to proceed



Please change the "Display Name" to the <u>name as per your NRIC</u>



The participants in the ZOOM waiting room will not be let in if we cannot identify you.

(i) Select "VIRTUAL MEETING" from the Main Menu to engage in the proceedings of the 33rd AGM remotely. Only the eligible shareholder can participate and attend the meeting.
(ii) During the meeting, you will have the opportunity to speak and ask questions by video conferencing. The Board and senior management will endeavour to respond to the questions accordingly during the meeting. Only the eligible shareholders can ask questions during the meeting.
(iii) You must turn on your video feed so we can spot you if you have any questions during the Q&A session. You must declare your name when asking the questions. If the questions asked by the non-eligible shareholders, the questions will be invalidated.
(iv) Please note that the quality of your connection to the video conference is dependent on the bandwidth and stability of the internet at your location and the device you use.

(b) Remote Online Voting

The Online Voting session will commence once the Chairman of the meeting declares that the voting platform is activated. The voting session will end upon declaration by the Chairman.

(i) Select "REMOTE VOTING" from the Main Menu at https://agm.citranusaholdings.com. You may get the link https://agm.citranusaholdings.com **in the Chat box** of Zoom.
(ii) Indicate your votes for the resolutions that are tabled for voting.
(iii) Please cast your vote on all resolutions as appeared on the screen.
(iv) Confirm and submit your votes. Once submitted, your votes will be final and cannot be changed.

(c) Helpline Contact

In the event you encounter any issues with logging-in, connection to the Zoom meeting or online voting, kindly call or WhatsApp at +6012-273 5916 for assistance.

(d) End of Zoom Meeting

The Zoom meeting will end and the RPV facilities will be disabled upon the announcement by the Chairman on the conclusion of the 33rd AGM after the outcome of the resolutions has been declared.

7. NO DOOR GIFT

No door gift / voucher will be given to shareholders / proxies who participate at the 33rd AGM.

8. ANNUAL REPORT FOR 2021 AND OTHER DOCUMENTS

As permitted under the Listing Requirements of Bursa Malaysia Securities Berhad and in line with the Company's sustainability initiatives, we have discontinued the practice of mailing the Company's printed copy of Annual Report as well as Circular to Shareholders. Instead, you can scan the QR code for the following documents, which are also available in the Company's website at https://citranusaholdings.com under 'AGM' section

1. Notice of the 33rd AGM, Form of Proxy and Administrative Guide
2. Annual Report 2021
3. Circular to Shareholders and Share Buy-Back Statement
4. Corporate Governance Report 2021
5. Annual Report 2021 Request Form.

However, you may request for copies of the printed reports (No. 2 and 3 above) by completing the "Annual Report 2021 Request Form" (No. 5 above) and email to the following contact person:

Contact Person: Ms. Chin Yoke Kwai
Email: ykchin@cni.my

9. ENQUIRY

If you have any enquiry prior to the 33rd AGM, please contact the following officers during office hours (9.30 a.m. to 6.30 p.m.) on Monday to Friday, except on public holidays::

a) **Citra Nusa Holdings Berhad**
Ms. Chin Yoke Kwai
Tel No.: 03-5569 4000 ext 2345 / 012-273 5916
Email: ykchin@cni.my

b) Boardroom Share Registrars Sdn Bhd
Cik Syahirah Rahimi
Tel No.: 03-7890 4754
Fax No.: 03-7890 4670
Email: nursyahirah.cherahimi@boardroomlimited.com

In view of the uncertainties and the surge in COVID-19 infections, the Company will have to observe the guidelines or new procedures as may be issued by the Government from time to time, which may affect the administration of the 33rd AGM as set out in this Administration Guide. If there is any material change required to the proceeding of the meeting, the Company will issue an announcement on the same accordingly. Hence, please contact the above officers or check the Company's website for announcements on the latest update (if any) in relation to the 33rd AGM.

DISTRIBUTION CENTRES/SALES POINTS/SALES POINTS

Saluran Pengedaran		Alamat	Tel & Emel
PERLIS			
Center	Arau	95, Lot 342, Jalan Jelawi Sematang, Taman Muhibbah Fasa 2 Jejawi, 02600 Arau.	04-9771288 / 019-4100355
KEDAH			
Center	Alor Star	Lot 46, Ground Floor, Kompleks Perniagaan Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid 3, 05050 Alor Setar.	04-7720918
	Kulim	70, Tingkat 1, Lorong Semarak 3, Taman Semarak 09000 Kulim.	04-4951564
	Langkawi	87, Persiaran Mutiara Pusat Dagangan Kelana Mas, 07000 Langkawi.	04-9661348
	Sungai Petani	7, Lengkok Cempaka, Persiaran Cempaka, Amanjaya 08000 Sg Petani.	04-4419897 / 012-9871175 / 013-9339897
	Changlon	5, Pekan Changlon 2, 06010 Changlon.	04-9246923 / 012-4932758 / 019-4442758
eSP	Pendang	No 4, Bangunan Orkid, 06700 Pendang.	019-9189897 / 013-4239897
SP	Jitra	3-B Jalan 1PJ2, 06000 Jitra.	017-5239447 / 012-5815552
	Simpang Empat	120 Taman Desa Damai, Batu 5 Simpang Empat, 06650 Simpang Empat.	04-7642437 / 012-4902437
PULAU PINANG			
Center	Perai	30, Jalan Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth.	04-2400976
	Perak Road	175, Perak Road, 10150 Penang.	04-2271092
eSP	Permatang Pauh	19, Lorong Cermai 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418 / 012-4286418
	Bayan Lepas	119, Jalan Tun Dr Awang, Tmn Melawati, Bukit Jambul, 11900 Bayan Lepas.	04-6449637 / 019-5657126
PERAK			
Center	Tg Malim	No 1, Jalan U1, Taman Universiti, 35900 Tg Malim.	05-4590029 / 012-5386669
	Ipoh	14, Jalan Ghazali Jawi, 31400 Ipoh (In front of stadium).	05-5460393 / 012-5069339
	Taiping	17, Jalan Wayang Gambar, 34000 Taiping.	012-5072686 / 016-5212693
	Teluk Intan	Lot 12650, 1st Flr, Jln Changkat Jong, 36000 Teluk Intan.	05-6217795 / 016-5510870
	Sitiawan	No 5 (1st Floor), Taman Sitiawan Maju 2, 32000 Sitiawan.	05-6121010
	Gunung Rapat	17, Medan Lagenda 1, Medan Lapangan Lagenda, 31350 Ipoh.	05-3111450 / 019-3262542/ 019-5208577
	Bercham	13, Persiaran Medan Bercham 4, Pusast Bandar Baru Bercham, 31400 Ipoh.	05-5360229
	Tapah	No 54A, Jalan Besar, 35000 Tapah.	05-4010793
eSP	Ayer Tawar	No 1, Taman Ayer Tawar 2, Ayer Tawar 32400.	05-6721366 / 016-410 9629
	Batu Gajah	No 93A, PSN Pinggiran Saujana, Taman Pinggiran Saujana, 31000 Batu Gajah.	011-16462238
SP	Pulai	No 28, Jln Pulai Height 4, Taman Pulai Height, 31300 Ipoh.	012-3783185
SELANGOR			
Center	Klang	No 5, Lorong Gudang Nanas 2, Off Jln Pasar 41400 Klang.	03-33591536
	Seri Kembangan	No. 2E-1, Tingkat 1, Jalan Raya Dua, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan.	03-89385991
	Rawang	No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang.	03-60928461 / 012-3823678
	Ampang	1-12, Jln Dagang B/3A, Tmn Dagang, 68000 Ampang.	03-42701897 / 019-2137779
	Batu Caves	573, Jln Samudera Utara 1, Tmn Samudera, 68100 Batu Caves.	03-61771271
	Bangi	43A-1-1A, Jln Medan PB2, Seksyen 9 Medan PB2 Pusat Bdr Bangi, 43650 Bandar Baru Bangi.	03-89124172
	Petaling Jaya	53A, Jln SS3/29, Tmn Universiti, 47300 Petaling Jaya.	03-78650172
	Puchong	No 6-3 (3rd Floor), Jalan Puteri 1/5, Bandar Puteri, 47100 Puchong.	03-80664178
eSP	Taman Dato' Harun	4, Jalan 13, Taman Dato' Harun, 46000 PJ.	03-77841859 / 016-3133466

Saluran Pengedaran		Alamat	Tel & Emel
SELANGOR			
eSP	Banting Sungai Buaya	161, Jalan Sultan Abdul Samad, 42700 Banting. No 33, Jln Kemboja Sari 3, Bdr Sungai Buaya, 48010 Rawang.	03-31872333 / 012-3027433 013-4239606
SP	Teluk Panglima Garang Kajang	Lot 2323, Lorong Aman, Kg Sijangkang, 42500 Teluk Panglima Garang. No 1B-1, Jalan Reko Sentral 1, Reko Sentral, 43000 Kajang.	03-31227021/ 016-3552162 012-3379947
WILAYAH PERSEKUTUAN			
Center	Setapak Cheras	211 A, Jalan Genting Klang, 53300 Setapak. 54-A, Jalan Serkut, Tmn Pertama, 56100 Cheras.	03-40315508 03-92814913 / 016-5267825
SP	OUG	57A, Jalan Hujan Emas 8, Overseas Union Garden, 58200 Kuala Lumpur.	03-79715128 / 012-2818478
NEGERI SEMBILAN			
Center	Seremban Tampin Nilai	656, Jalan Haruan 4/10, Pusat Komersial Oakland, 70300 Seremban. No.1052, Tingkat Atas, Jalan Perhentian Bas Pulau Sebang, 73000 Tampin. PT4768, Jalan TS1/19, Taman Semarak, 71800 Nilai.	06-8518160 06-4415128 06-7940823
MELAKA			
Center	Batu Berendam	59, Jalan MP 18, Taman Merdeka Permai, 75350 Batu Berendam.	06-3320951
SP	Pernu Paya Rumput	590-1, KM 12, Kampung Pernu, 75460 Pernu. No. 22, Jalan IKS PR2, IKS Paya Rumput, 76450 Paya Rumput.	06-2610012 / 010-5057109 06-3162001 / 011-60627528
JOHOR			
Center	Tmn Nusa Bestari Taman Molek Muar Kulai	No-19-A Tingkat 1, Jln Nusa Bestari ¼, Tmn Nusa Bestari 79100 Iskandar Puteri, Johor. 7, Jalan Molek 2/5, Taman Molek, 81100 Johor Bahru. No. 3, Taman Seri Gemilang, Jalan Salleh, 84000 Muar. 14, Tingkat 1, Jalan Raya, Kulai Besar, 81000 Kulai.	07-5506425 07-3614075 06-9526590 / 019-6556563 07-6605027
eSP	Bandar Kluang	No. 2, Pusat Perniagaan Komersial Haji Mana, Jalan Omar, 8600 Kluang, Johor.	011-20844800
SP	Tangkak Skudai Masai Segamat	23, Kampung Baru Satu, 84900 Tangkak. 42, Jalan PE2/7n, Taman Pulai Mas, 81300 Skudai. 8, Jalan Bayan 31/1, Taman Megah Ria, Masai, 81750 Johor Bahru. 45, Jalan Intan 2, Taman Intan Bukit Siput, 85020 Segamat.	06-97820258 019-7173515 017-7189463 019-6556563
KELANTAN			
Center	Kota Bharu	PT397, Tingkat Bawah, Jln Dusun Raja, Sri Cemerlang, 15400 Kota Bharu.	09-7405265
eSP	Pasir Mas	W2/458, Jalan Hospital, 17000 Pasir Mas.	019-9184408 / 013-9180188
SP	Pasir Putih	Kg. Alor Hijau, Selising, 16810 Pasir Putih.	09-7892988 / 019-9101825
TERENGGANU			
Center	Kemaman Dungun Kuala Terengganu	40-A, Jalan Jakar, Chukai, 24000 Kemaman. Lot 7874 Tingkat 1, Jalan Yahya Sure Gate, 23000 Dungun Terengganu. 219, Tingkat Atas, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-8591028 / 012-9886118 018-2954858 / 017-9787282 09-6228351
eSP	Gong Badak	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308 / 013-9436988

Saluran Pengedaran		Alamat	Tel & Emel
PAHANG			
Center	Kuantan Mentakab	B.58, Jalan 1 M3/10 BIM Point, Bandar Indera Mahkota, Jalan Kuantan, 25200 Kuantan. No. 16, Jalan Anggerik, 28400 Mentakab.	09-5729247 09-2640101
SP	Kuala Lipis Jengka	No 97 Tmn Permai Fasa 2, Tempoyang 27200, Kuala Lipis. No 11, Kedai Pelbagai, Jengka Street, 26400 Bandar Jengka.	017-9830499 013-9246175 / 013-6020451
SARAWAK			
	Sarawak Branch	Lot 9392, Section 64, Jalan Pending Heights, 93450 Kuching.	082-340619 / 340620 / 340621
Center	Sibu Kuching Bintulu Sri Aman Petra Jaya Miri	No 1, 1st Flr, Pusat Tanah Wang, Jalan Dr. Wong Soon Kai, 96000 Sibu. 302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jalan Tun Ahmad Zaidi Adruce, 93150 Kuching. 189, Park City Commerce Square, 97000 Bintulu. No 6, Lot 1752, Jln Hospital, 95000 Bdr. Sri Aman. Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching. Lot 2419, First Floor, Block 5, Miri Concession Land District, Jalan Boulevard 2, Boulevard Commercial Center, 98000 Miri Sarawak.	084-321284 082-424313 / 019-8182623 086-310611 / 019-8151611 083-325313 / 019-8195313 082-428714 082-340619
eSP	Sarikei 2 Bakam, Miri Bandar Sibu Kg Pasir Pandak	No 7, Jalan Bersatu, Jubli Mutiara, 96100 Sarikei. Lot 6626, Jalan Oncidium Off Jalan Bakam, 98000 Miri. 22A, Jalan Awang Ramli Amit, 96000 Sibu. No.55 Kampung Pair Pandak, 93050 Kuching Sarawak.	019-8861300 085-324747 / 019-8848410 016-8004745 / 016-4787667 / 016-2014745 014-9721776 / 013-2881773 / 013-9151776
SP	Mukah Bau Sarikei Serian	83, Newtowship, 96400 Mukah. 1, Tingkat 1, Market Serbaguna, Majlis Daerah Bau, 94000 Bau. No 20, Jalan Bawal, Lorong 4C, 96100 Sarikei. No 1, Serian Bazaar, 94700 Serian.	084-871867 / 013-8063268 013 -8099005 084-644566 / 019-8178229 014-8811112
SABAH			
	Sabah Branch	Lot 121, Block N-5, Ground & 1st Floor, Lorong Plaza Permai 3, Jalan Sulaman Highway, 88450 Kota Kinabalu.	088-281899 / 088-282899
Center	Keningau Kota Kinabalu Tawau Sandakan	Lot 18, Tkt 2 Ribumi Complex, Jln Masak, Keningau 89000. 1.25, 1st Floor, Asia City Complex, Pusat Bandar Kota Kinabalu, 88000 Kota Kinabalu. TB999, Jalan Utara, 91000 Tawau. Lot 52 (Tingkat 1), Bdr Prima Batu 4, Jalan Utara, 90000 Sandakan.	013-8658865 / 010-9345909 088-484968 / 013-8604168 089-768154 / 014-8617839 / 019-8216260 089-463104 /011-64866586
SP	Lahad Datu Tambunan	Lot 56, MDLD 0813, Raya 3, Public Villa, Jalan Segama, 91110 Lahad Datu. Peti Surat 14, Pekan Tambunan, Tambunan 89657.	014-3580166 017-8360146
BRUNEI			
	Brunei Branch	Simpang 88, Unit No.9, Block B, Bangunan Begawan Pehin Hj. Md. Yusof, Kampung Kiulap, BE1518 Negara Darussalam.	00673-2-237293

CITRA NUSA

CITRA NUSA HOLDINGS BERHAD
(FORMERLY KNOWN AS CNI HOLDINGS BERHAD)
Company No. 198901004452 (181758-A)

Number of ordinary shares held	CDS Account No

Form Of Proxy

I/We.. NRIC/Passport/Company No. ....
(FULL NAME IN BLOCK LETTERS)

of..
(FULL ADDRESS)

Tel No. .... being a member/members of **CITRA NUSA HOLDINGS BERHAD (FORMERLY KNOWN AS CNI HOLDINGS BERHAD)**, hereby appoint

.... NRIC/Passport No. ....
(FULL NAME IN BLOCK LETTERS)

of..
(FULL ADDRESS)

*and/or, ... NRIC/Passport No. ....
(FULL NAME IN BLOCK LETTERS)

of..
(FULL ADDRESS)

or failing *him/both, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty Third Annual General Meeting ("33rd AGM") of the Company to be held virtually from Diamond Hall, First Floor, Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan as the Broadcast Venue on **Wednesday, 25 May 2022 at 11.00 a.m**. or at any adjournment thereof, on the following resolutions referred to in the Notice of 33rd AGM. My/our proxy is to vote as indicated below:

		FOR	AGAINST
Ordinary Business			
Ordinary Resolution 1	To re-elect Dato' Koh Peng Chor as Director of the Company		
Ordinary Resolution 2	To approve the payment of Directors' Fees		
Ordinary Resolution 3	To approve the payment of Benefits Payable to the Non-Executive Directors		
Ordinary Resolution 4	To re-appoint PCCO PLT as Auditors and to authorise the Directors to determine their remuneration		
Special Business			
Ordinary Resolution 5	To retain Mr. Lim Lean Eng as Independent Non-Executive Director		
Ordinary Resolution 6	To authorise the Directors to Issue Shares		
Ordinary Resolution 7	To approve the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	To approve the Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the appropriate spaces provided to indicate how you wish your vote to be cast. If you do not do so, the proxy shall vote as he/she thinks fit, or at hi/hers discretion, or abstain from voting)

Dated this..........................day of...2022

For appointment of proxies, proportion of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

....
Signature(s) / Common Seal of Member(s)

* Delete whichever is/are not applicable

Notes:
1. Applicable to shares held through a nominee account.
2. Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who holds ordinary shares in the Company for multiple owners in one (1) securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or nay of his rights to attend, participate, speak and vote instead of him at the AGM, and that such proxy need not be a Member.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing signed by the hand of the Member or of his/her attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.
5. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 33rd AGM of the Company will be put to vote on a poll.
6. The Form of Proxy and/or documents relating to the appointment of proxy/corporate representative for the 33rd AGM shall be deposited or submitted in hard copy in the following manner not later than **11.00 a.m.** on **Tuesday, 24 May 2022** at in accordance with Article 90 of the Company's Constitution.
   (a) By hand or post: to the Company's registered office at Wisma CNI, No. 2 Jalan Perunding U1/17, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
   (b) By fax at 03-5569 3308 or email to cnisec@cni.my
7. For the purpose of determining the Shareholder who shall be entitled to attend the 33rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 73 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors ("ROD") as at **17 May 2022 ("General Meeting ROD")**. Only a Shareholder whose name appears on the ROD as at 17 May 2022 shall be entitled to attend the AGM virtually or appoint proxies to attend and/or vote on his/her behalf.

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Then fold here

AFFIX
STAMP

The Company Secretary
CITRA NUSA HOLDINGS BERHAD
(FORMERLY KNOWN AS CNI HOLDINGS BERHAD)
Wisma CNI, No. 2 Jalan Perunding U1/17
Hicom-Glenmarie Industrial Park, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan.

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CITRA NUSA HOLDINGS BERHAD
(Formerly known as CNI Holdings Berhad)
198901004452 (181758-A)

No.2 Jalan Perunding U1/17
Hicom-Glenmarie Industrial Park,
Seksyen U1 40150 Shah Alam,
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