SCALABILITY

FOR GROWTH BEYOND LIMITS

Scalability for Growth Beyond Limits

2020 was a challenging year for the world economy and livelihood, as we knew it. Nonetheless, direct selling has been known as being a resilient industry during economic adversity throughout decades. CNI is testimonial to this, as our business has attained positive growth despite the pandemic, resulting from our timely transformation to digitalisation in our mission towards a new direct sales model.

2021 is a crucial year for CNI as we continue to empower our online capabilities following advancements in technology that ease communication to customers and increase the efficiency of doing business. We are zooming in on a scalable system that is important to ensure that our level of efficiency and profitability are raised for the stability of our business in anticipation of growth.

Scalability and technology play a major role to ensure the ease of transition during CNI's transformation to digitalisation and beyond. A scalable system is ready to handle increased demand, trends, and needs while technology helps to link us directly to customers easily and affordably to enhance our presence and increase our customer base.

CNI is actively building a sound foundation of a scalable business that thrives on innovative ideas and adopts a profitable business model that can grow with the times. We believe we are on the right path as we aim to take our business beyond the traditional realm and continue to profit and grow beyond limits.

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Vision & Mission

We are a dynamic organization continuously striving to enrich the lives of our stakeholders through mutual experience and support.

We believe in achieving our vision by upholding these values - Teamwork & Partnership, Entrepreneurial Spirit, Recognition, Innovative Opportunities and Brands.

We are more than just a business, firmly rooted in Asian values, we blend the best of East and West to deliver the highest value to help enrich the lives of our stakeholders.

Corporate Profile

One of the leading direct selling companies in Malaysia, CNI Holdings Berhad has established its footholds since 1989.

Founded by three bold entrepreneurs Dato' Koh Peng Chor, Tan Sia Swee and Law Yang Ket, the path to success has been challenging. From a small double storey shoplot to what it is today, occupying an industrial plant space of 16,314 square metres, CNI has grown steadily and consistently.

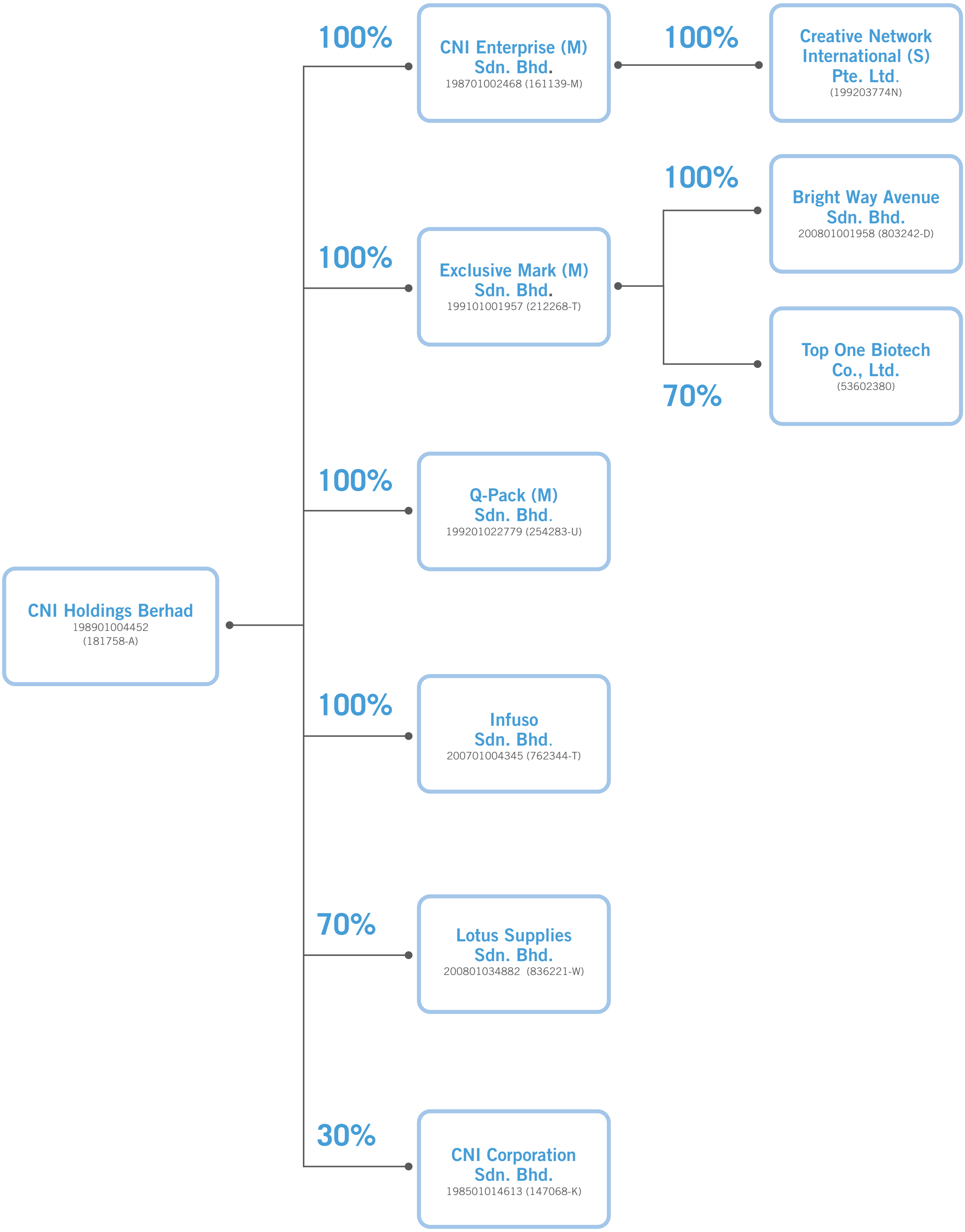
CNI has over 200 products under 5 categories namely nutritional & health, personal care & cosmetics, food & beverage, auto care and lastly, household, are available to provide complete solutions to meet its consumers' daily lifestyle requirements and health concerns.

EM, QP and TOB have been accredited with Quality Management Systems (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (BS OHSAS 18001:2007), Food Safety System Certification FSSC 22000 (Version 5), Hazard Analysis and Critical Control Point (MS1480:2007) & Good Manufacturing Practice (GMP) for Food (MS1514:2009) certifications, while much research and development (R&D) have been and are being carried out with various laboratories and research institutions to further improve existing CNI products.

Believing in its mission of being more than just a business, CNI with its Asian values blends the best of the East and the West to constantly deliver the highest value to help enrich the lives of our stakeholders.

Enhancing values across borders, CNI continues to honour mutual respect and support by upholding Teamwork & Partnership, Entrepreneurial Spirit, Recognition, Innovative Opportunities and Brand towards a better life for all.

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)

AUDIT COMMITTEE

Lim Lean Eng
Chairman

Dr. Ch'ng Huck Khoon

Dato' Koh Peng Chor

NOMINATION & 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 Moore Stephens Associates PLT
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower
No 1 Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7728 1800
Fax: 03-7728 9800

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Wisma CNI, No.2 Jalan Perunding U1/17
Hicom-Glenmarie Industrial Park
Seksyen U1, 40150 Shah Alam
Selangor Darul Ehsan Malaysia.
Tel : 03-5569 4000
Fax : 03-5569 3308
E-mail: info@cniholdings.com.my
Website: www.cniholdings.com.my

SHARE REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor, Malaysia
Tel: 03-7890 4700 Fax: 03-7890 4670
Website: www.boardroomlimited.com

PRINCIPAL BANKER

Citibank Berhad

SOLICITORS

Messrs Ong & Kok

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 4 August 2005)
(Stock code: 5104)

Financial Highlights

Year Ended 31 December

	2020	2019	2018	2017	2016 Restated
Performance (RM'000)					
Revenue	67,392	66,738	86,148	85,038	88,121
Profif / (Loss) Before Taxation	757	(4,502)	3,515	(15)	(5,972)
Attributable Profif / (Loss)	584	(5,132)	605	(2,082)	(5,110)
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	69,158	68,415	73,594	74,500	76,272
Total Assets	86,420	87,492	96,199	100,508	101,292
Borrowings	2,330	2,499	1,156	1,314	202
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	0.08	(0.72)	0.08	(0.29)	(0.72)
Net Dividend Per Share (sen)	-	0.30	-	-	0.30
Net Assets Per Share ("APS") (sen)	9.70	9.59	10.62	10.45	10.69
Gearing Ratio (%)	0.33	0.35	0.16	0.18	0.03

Awards & Recognition

CNI Receives BEIM Gold Ethics Award 2020

CNI is awarded the BEIM GOLD ETHICS AWARD by the Business Ethics Institute of Malaysia (BEIM) in recognition of the efforts and steps taken by CNI to continually upgrade its policy and procedures in keeping with standards required that contribute to the growth and development of business ethics in Malaysia. As a member of BEIM, and winner of the Award, CNI is committed to implement the Code of Ethics throughout its corporate strategy, business operations and practices.

Corporate Events

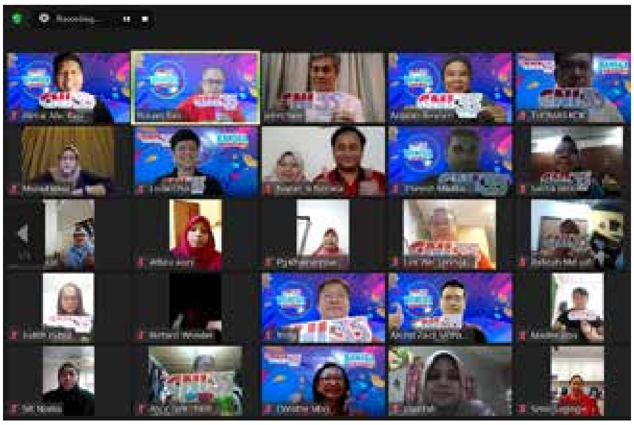
The AMAZING CNI Superheroes Campaign

A year-long comics-inspired marketing campaign targeted to give an appealing and fun approach to our CBOs, customers and young prospects. The campaign comprised our star products promotions, social media campaign, and The Amazing 1 Million Contest aimed to put CNI on the radar.

#SamaSamaSehati

Mask4All Malaysia Movement

Yayasan CNI combined forces with CBOs to distribute free face masks worth more than RM200,000 via the Masks4All Malaysia Movement to 33 schools, 47 NGOs, frontliners, and the B40 communities in Penang, Perak, Selangor, Kuala Lumpur, Kedah, Johor, Sabah and Malacca in the effort to encourage the nation to break the COVID-19 chain.



150 Online Business Courses, Live Streams & Seminars

A year-long comics-inspired marketing campaign targeted to give an appealing and fun approach to our CBOs, customers and young prospects. The campaign comprised our star products promotions, social media campaign, and The Amazing 1 Million Contest aimed to put CNI on the radar.

CNI Children Education Fund

Yayasan CNI continued its tradition of providing incentive to appreciate CBOs' children who achieve academic excellence. In 2020, a total of 165 CBOs' children along with employees' children were successfully awarded and a virtual ceremony was held.

New & Upgraded Products

(a) Shodoku All Purpose Sanitizer - manufactured through a patented process for an ideal sanitizing, cleaning, and deodorizing product that kills 99.99% bacteria.

(b) Palmera Antibacterial Hand Wash - to cleanse hands thoroughly while protecting them from bacteria and pH-balanced formula that's gentle on hands.

(c) Palmera Antibacterial Shower Cream - to cleanse and protect skin against germs for a hygienic clean and healthy, refreshing feeling.

(d) Little Wonder Yummy Ubi - a delicious dessert made with natural purple sweet potato rich in essential vitamins and minerals and added with inulin, aloe vera extract and multi seed sesame powder.

Staff Wellbeing & Engagement Initiatives

(a) "CNI Mobile Workforce" was rolled-out to encourage our employees to be flexible with the way they work without impairing their productivity and service level to our CBOs.

(b) Town Hall Gathering conducted via ZOOM video conferencing platform was introduced to be conducted on a quarterly basis to promote employee engagement activities and work-life balance within a fun environment.

Winners' Trip Incentive 2020

(a) 6D4N Turkey Trip (Category 1)/ 8D6N Turkey Trip (Category 2) CBOs were offered a fascinating trip to Turkey by fulfilling a ten-month sales target (July 2019 to April 2020). However, due to the COVID-19 pandemic, the trip incentive was converted to a cash incentive disbursed to all the winners.

(b) Earn From Home Campaign (May to August) and Everyone Can Earn Campaign (September to December) were initiated to replace the Winners' Trip Campaign in light of the pandemic and to motivate CBOs to maintain their business momentum. The campaigns saw 209 achievers changing adversity into opportunities.

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 commentary 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 2020 ("FY2020").

The MD&A should be read in conjunction with the Audited Financial Statements of the Group and the Company for the FY2020.

OVERVIEW OF BUSINESS AND OPERATIONS

During FY2020, there were no major changes to the Group's fundamental business and focus. The growth of the Group continues 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 now has 90 physical stores to support the business of its CNI Business Owners ("CBOs").

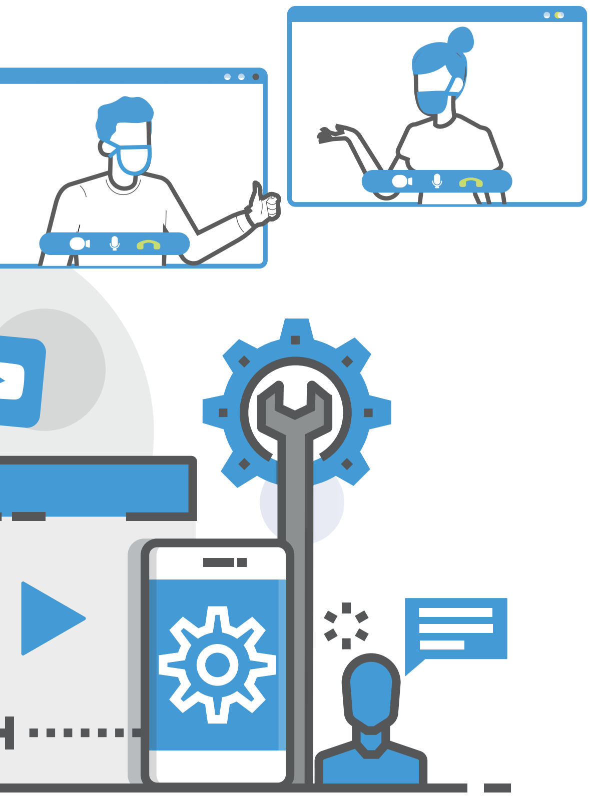
The Group also owns 3 internationally accredited manufacturing facilities with ISO, HACCP and GMP certifications and Halal certification from JAKIM. The manufacturing plants are located at Shah Alam, Selangor and Tainan, Taiwan which primarily supplies to our

Marketing & Trading segment & carry out Original Equipment Manufacturer (OEM) contract manufacturing. We focus on manufacturing health food and functional beverages, household and personal care products. The Manufacturing segments export to overseas such as China, Indonesia, Hong Kong, Thailand, Taiwan, Canada, USA, Vietnam and Africa.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

For 2020, the Group registered sales revenue of RM67.4 million, which was 1% higher than the sales revenue of RM66.7 million in the preceding year. This marginal increase was driven by the improved performance of the Marketing & Trading segment by 6% while the manufacturing segment declined by 7%.

The year saw the Group's Profit Before Tax ("PBT") increase by more than 100% to RM0.76 million against the loss before tax of RM4.5 million in FY2019. The increased PBT was primarily the result of growth in Marketing & Trading, demand in wellness products and the decrease in the total operating expenses.



There was no significant change to our financial position and cash position. As at 31 December 2020, our cash balance and short term investment stood at RM18.3 million at end FY2020 against RM15.8 million at end FY2019.

The Group aims to maintain a prudent financial structure to ensure that it has access to adequate capital and financing on terms which are favourable to the Group.

DIVIDEND

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 FY2020.

Marketing & Trading Segment

The Marketing & Trading segment reported sales revenue of RM54.5 million as compared to RM51.6 million in FY2019, rising 6% in 2020. This increase was mainly due to expansion of our distributors' network and higher demand for wellness products attributable to the COVID-19 pandemic.

Despite unprecedented challenges attributed from COVID-19, we seized the opportunity to transform our primary offline business model towards an online business model to ensure business continuity. We are fully committed to supporting the growth and advancement of our CBOs. Therefore in FY2020, our efforts were focused on empowering our CBO force with the necessary tools, programmes and infrastructure to help them create sustainable business opportunities for themselves during the pandemic.

We introduced the Earn From Home and Everyone Can Earn campaigns designed to promote business sustainability and profitability so that during the Movement Control Order ("MCO"), our CBO still can achieve outstanding business performance. These campaigns had been a success in motivating our CBOs to stay competitive and productive in their business community to ensure the CNI Business Opportunity remains attractive and relevant.

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, CNI Business Center Apps, and other social media channels like Instagram, Whatsapp, TikTok, and Telegram. These platforms serve as a means of disseminating information to our CBOs and facilitate effective two-way communication.

#SamaSama FightCovid19

In FY2020, we had organised 150 regular online and live streaming events to engage and motivate our CBO force despite the MCO. These events included eBOS, eBLC and CNI WOW, among others that had attracted the participation of CBOs nationwide.

We also continued to make both our physical and virtual presence known through partnership with CBOs in various community events such as Masks4All Malaysia. These activities were not entirely platforms aimed at growing the CNI business or boosting our social media following, rather they reflected our genuine desire to help build communities to reduce risk of exposure to COVID-19.

In FY2020, we have launched four new and upgraded products from the personal care and food and beverage categories. These products were introduced to fulfill and capitalise on the current market needs revolving around the COVID-19 pandemic, New Norm and Work From Home Lifestyle. The new and upgraded products were namely Shodoku All Purpose Hand Sanitizer, Palmera Antibac Hand Wash, Palmera Antibacterial Shower Cremè, and Little Wonder Yummy Ubi. Thus far, they have been well received by our customers and contributed positively to our sales, along with our nutritional products.

Manufacturing Segment

The Manufacturing segment recorded sales revenue of RM28.2 million which was 7% lower than sales revenue of RM30.4 million in FY2019. The decline was mainly due to production control and lower demand from our OEM customers, both due to the implementation of MCO and COVID-19 maco impact.

The Manufacturing segment focused on new product development and formulation enhancement with support from our research laboratory and GMP plant facility to promote new scientific and innovative product development. In FY2020, new products were developed that relate to COVID-19.

ANTICIPATED RISKS

Anticipated risks to the nation's growth outlook in 2021 include an unexpected delay in the vaccine roll-out, ineffective containment, an elevated number of vulnerable households and domestic political uncertainties. Therefore, the growth momentum is subject to policies implemented on containing the outbreak and protecting the most vulnerable, rebuilding fiscal buffers as economic conditions improve as well as the ability to maintain macroeconomic stability.

Inflation is likely to return in 2021 after a deflationary trend in 2020 as the COVID-19 pandemic suppresses demand for goods and services. Inflation is projected at 2.5% versus -1.13% in 2020, signaling a stronger surge in consumer spending in response to the early roll-out of a safe and effective COVID-19 vaccine and unleashing of pent-up demand in conjunction with supply shortages.

As CNI ventures forth amidst a highly challenging operating environment, we acknowledge that we are exposed to certain anticipated or known risks that may have a material effect on our operations, performance, financial condition and liquidity. As such, we continue to closely monitor all material, financial, business and operational risks and adopt measures to mitigate these risks. These include implementing robust internal controls and clearly defined limits of authority coupled with defined standard operating procedures and processes.

FORWARD-LOOKING STATEMENT

Moving forward, we believe the Group's top line should continue to be supported by the growing demand for health supplements and skin-care products following the shift in consumer shopping patterns brought about by the global pandemic.

CNI has returned to the black in FY2020 as compared to FY2019 in the previous corresponding period. This is due to the commendable earnings generated by the Marketing & Trading segment as more people made purchases of wellness products from home and looked for an additional source of income.

We expect these trends to continue in FY2021. Capitalizing on the success of FY2020, we will continue to seize this momentum to transform our core business towards the new Direct Sales Model. We have rolled out our new livestream 2.0, virtual recognition stage platform and more new digital infrastructure will be established to embrace the new business norm driven by COVID-19.

In addition, we will be expanding our market reach into the Beauty segment with the launch of a new beauty care series, Myraz, that we are confident will attract and appeal to a younger consumer market.

We foresee the ongoing COVID-19 pandemic will continue to impact our Manufacturing segment. The Manufacturing segment will further seek new OEM customers and penetrate new markets to cushion such impact.

CNI is proud to be celebrating its 35th anniversary this year with its stakeholders, and we 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.

CNI 35TH ANNIVERSARY
BANGGA BERSAMAMU

Board of Directors' Profile

DATO' KOH PENG CHOR
Non-Independent Non-Executive Chairman
Malaysian, Male, 69 years old

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 CNI.

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 CNI. He is the father of Mr. Koh How Loon, Group CEO of CNI. He is the spouse of Datin Chuah Tek Lan, a major shareholder of CNI.

KOH HOW LOON
Group Chief Executive Officer
Malaysian, Male, 43 years old

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 CNI. 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 CNI 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 of CNI and a major shareholder of CNI and Datin Chuah Tek Lan, a major shareholder of CNI

CHEW BOON SWEE
Executive Director
Malaysian, Male, 61 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

DR. CH'NG HUCK KHOON
Independent Non-Executive Director
Malaysian, Male, 52 years old

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 YGL Convergence Berhad and AT Systematization Berhad

Family Relationship:
- Nil

LIM LEAN ENG
Independent Non-Executive Director
Malaysian, Male, 54 years old

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

YEE KEE BING
Non-Independent Non-Executive Director
Malaysian, Male, 62 years old

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 CNI, 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 2020.

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 29.

Key Senior Management's Profile

KOH HOW LOON
Group Chief Executive Officer
Malaysian, Male, 43 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 CNI. 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 CNI 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 CNI and a major shareholder of CNI and Datin Chuah Tek Lan, a major shareholder of CNI

CHEW BOON SWEE
Chief Executive Officer
of Manufacturing Segment
Malaysian, Male,61 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 CNI, 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 2020.

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 CNI’s overall business strategy.

Our Sustainability Statement for financial year 2020 (“FY2020”) aims to provide a formal account of our sustainability strategies and action plans, as well as the year’s sustainability achievements and the overall positive impact we have created for our business, the environment and society at large.

The scope and boundary of this Sustainability Statement is aligned with the Annual Report to cover the breadth of CNI’s operations. It covers the period 1 January 2020 to 31 December 2020 and is undertaken on an annual basis. The data presented in this Statement is the results of internal and external data collection methods which include, but are not limited to, internal surveys, workshops and other methods.

This Statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Sustainability Reporting Guide and its accompanying Toolkit issued by Bursa Securities. This Statement considers the economic, environmental and social (“EES”) implications the Group is exposed to in ensuring its business is carried out in a sustainable and responsible manner.

Leadership and Governance

Sustainability leadership and governance reside at the higher levels of the Group, namely with our Board of Directors and Senior Management. Acknowledging that the agenda of sustainability is growing in importance in terms of its material impact on CNI’s business strategy and business performance as well as our ability to create value, our leadership is deeply committed to embedding sustainable practices and initiatives into our business framework.

The Board is assisted by the Risk Management Committee (“RMC”) which in turn is supported by the Risk Management Unit (“RMU”) in managing sustainability-related matters.

The RMC is responsible for monitoring and evaluating sustainability matters of the Group and reports to the Board. The RMC oversees the strategies, policies, initiatives, targets and performance of the Group to ensure that the Group’s business is conducted in a sustainable manner.

The RMC is assisted by the RMU which oversees the implementation of the organisation’s sustainability approach. All business units under the Group have their own risk management and sustainability working group that provide feedback to the RMU which allows it to leverage existing initiatives in respect of the EES and to ensure integration of sustainability management into their respective business processes.

Stakeholder Engagement

We strive to ensure that we remain an inclusive organisation that is perceptive to the needs of its stakeholders. As such, we actively pursue engagement with our stakeholders through a range of platforms, with the aim of listening and understanding their concerns as well as garnering their feedback and perspectives. FY2020 saw us continuing to actively engage with our diverse stakeholder groups by leveraging on a wide range of communication channels and mediums. Through these engagement platforms, we have gathered solid stakeholder insights that are helping us to fine tune our overall approach to sustainability and define what is most material or most important to the Group and its diverse stakeholders.

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

Utilizing 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

At CNI, we believe each individual has the potential to achieve great things and we empower them to reach their goals by providing ample and equal opportunities to prosper in diverse areas. As a result, the people have realized their potential, become healthier and provided themselves and their families better lives.

We also 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 businesses and beyond.

CBO Force

The Group is fully committed to supporting the growth and advancement of our CBOs. In FY2020, we focused our efforts on equipping our CBO force by providing them with the necessary tools, programmes and infrastructure needed to help them create more sustainable business opportunities for themselves.

We introduced the Earn From Home and Everyone Can Earn campaigns designed to promote sustainability and profitability so that our CBOs were enabled to achieve outstanding business performance despite the Movement Control Order (“MCO”). These campaigns had been a success in motivating our CBOs to stay competitive and productive in their business community to ensure the CNI Business Opportunity remains attractive and relevant.

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 FY2020, we had organised 150 regular online and live streaming events to engage and motivate our CBO force despite the MCO. These events included eBOS, eBLC and CNI WOW, 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 better success rate with sustainable and profitable CNI business, hence promoting better membership retention.

Scalability & Digital Transformation

We continue to champion sustainable value creation through the implementation of strategic initiatives and cutting-edge technology that are inspiring our CBOs to expand their reach and impact. Scalability and technology play a major role to ensure the ease of transition during CNI's transformation to digitalisation and beyond. We are implementing a scalable system and technology to handle increased demand, trends, and needs while technology helps to link us directly to customers easily and affordably to enhance our presence and increase our customer base such as an integrated communication system across all our social media platforms in Facebook, Instagram, YouTube, WhatsApp, and Telegram, CNI Business Center Apps with features like a Digital library (CNI Cloud) Business and Product Tools to generate leads.

Since the launch of the CNI Business Center Apps in late 2019, CBOs have access to their business information and track their network progress in real time and CBOs are using these apps on average per month.

CNI will actively continue to build a sound foundation of a scalable business that thrives on innovative ideas to grow with the times as we aim to take our business beyond the traditional realm and continue to profit and grow beyond limits.

Brand Credibility & Experience

Trust, awareness and brand credibility remain fundamental components of our business and are integral to the success of our business and the growth of our CBOs. Even as we uphold the core CNI value of integrity, we expect all our CBOs to do what is right by upholding good, credible marketplace practices that build respect and trust.

CNI is committed to operating in a trustworthy and credible manner so as to protect and elevate our brand. We strive to ensure our products are of the highest quality by employing only the best practices in our sourcing and manufacturing processes.

In FY2020, the Group focused its efforts on strengthening the branding for our nutritional, home care and personal care products in tandem with the world's focus on personal hygiene and the New Norm to curb the COVID-19 pandemic. This saw us organizing brand building exercises that included product upgrade, launches and workshops.

We also continued to make both our physical and virtual presence known through partnership with CBOs in various community events such as Masks4All Malaysia. These activities were not entirely platforms aimed at growing the CNI business or boosting our social media following, rather they reflected our genuine desire to help build communities to reduce the risk of exposure to COVID-19.

On top of that, our manufacturing segment adheres to product quality and safety regulations such as Quality Management Systems (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (BS OHSAS 18001:2007), Food Safety System Certification FSSC 22000 (Version 5), Hazard Analysis and Critical Control Point (MS1480:2007) & Good Manufacturing Practice (GMP) for Food (MS1514:2009) certifications. The Management ensures quality and food safety are built into every process of the manufacturing, starting from product research and development until the delivery of products to customers. Products are developed according to customers' preference and are in compliance with all food safety and regulatory requirements.

CNI 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).

For the manufacturing segment, our Testing Laboratory is a SAMM accredited laboratory by Standard Malaysia and fulfils the requirement of MS ISO/IEC 17025 – General Requirements for the Competence of Testing and Calibration Laboratories.

Our manufacturing segment also complies 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 84% 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 CNI 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 CNI Code of Business Ethics and CNI Anti-Bribery & Anti-Corruption Policy. 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 CNI'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

Being a responsible and conscientious corporate citizen, CNI recognises that we must be a good steward of all that we are entrusted with. We see our duty extends beyond creating or marketing products, by improving the well-being of people and preserving the environment today and for the next generations. We are dedicated to making continuous improvements in all that we produce as well as reducing waste and upholding sustainable operations that have little or no impact on the environment.

Usage of Resources

CNI takes every effort to mitigate wastage and generate savings throughout our operations. In FY2020, 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, CNI Frenz, 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.

Our recycling efforts in FY2020 saw us recycling 8,300kg of cartons, plastic, shrink wrap, metal and other recyclable materials. This exercise enabled the Group to garner savings and prevent unnecessary wastage of resources.

Waste Management

The Group is committed in effective waste management practices throughout its operations. As part of our initiative to support long term commitment to sustainability, the Group has improved operations efficiency to reduce hazardous waste generation by effective production planning and thorough review on the use of chemicals, frequency of product change-over, cleaning and sanitation practices.

Total scheduled waste generated 12.0508 MT for 2020 was treated according to DOE requirements.

We will continue to explore further avenues by which we may decrease our carbon footprint while we better steward our resources.

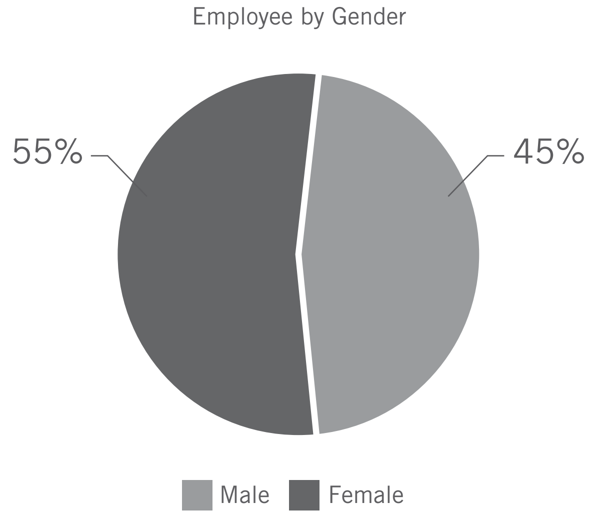
SOCIAL

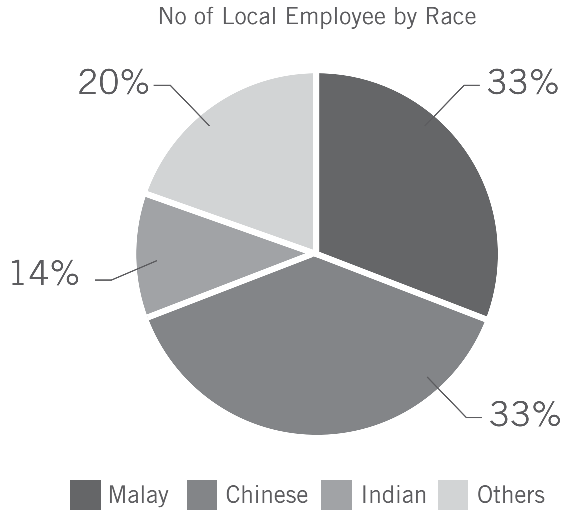
CNI's overall mission is to help people live better lives and we fulfill this by helping people particularly our CBOs and employees, achieve their full potential. We measure and reward people on their ability to collaborate and support others. We offer our employees competitive family-friendly benefits and go out of our way to inculcate a forward-thinking, people-oriented culture in all that we do. We continue to stir up incredible passion among our people to truly help others live better lives.

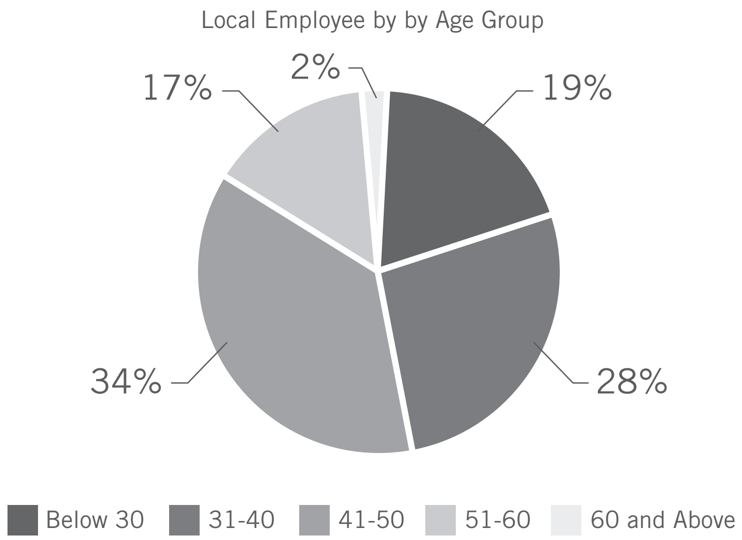
Employee Rights and Benefits

We remain committed to providing a non-discriminatory, ethically and culturally-diverse work environment where merit and initiative are the basis upon which one is rewarded. This we believe is material to the Group as it allows us to recruit and retain the best possible talents.

Given that our products cater to a large demographic beyond any specific age group, race or income level, it is imperative that we maintain a diverse workforce to support customer service and business growth. The effectiveness of CNI's talent related policies is reflected in the present composition of our staff.







We continue to place an emphasis on the overall well-being of our staff especially in leading fulfilling lives outside of their employment with the Group. We believe that the enjoyment of one's work, coupled with a healthy balance of leisure and family time is essential for sustainable, long-term staff retention.

One of the programmes that we rolled out in FY2020 was "CNI Mobile Workforce" which helps our employees to be flexible with the way they work without impairing their productivity and service level to our CBOs.

In FY2020, we also organized employee engagement activities that sought to promote work-life balance within a fun environment. These included activities such as the Town Hall Gathering conducted via ZOOM video conferencing platform on a quarterly basis.

Training and Development

In FY2020, the Group focused its training and development efforts on building the capabilities of its managers so that this group could navigate and lead others through the transformational phase that the organisation is undergoing.

Each CNI employee is required to sign the CNI Code of Business Ethics ("COBE") to acknowledge that they have read and fully understand the COBE. In addition, the CNI Whistleblower Policy, Anti-Bribery and Anti-Corruption Policy and other related standards and policies are also implemented on the employees.

CNI remains committed to fostering an inclusive work environment that values both the differences and commonalities between our employees. In FY2020, the Group invested a total of 374 trainings with over 4,000 training hours involving 6,186 participation from all levels of employment.

Employees Recognition

Loyalty is recognised with the Long Service Award which is given to employees when they complete 5, 10, 15, 20, 25 and 30 years of service respectively with CNI. 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 (FYE2019)	Recipients (FYE2020)
Long Service Award	45	25

Occupational Health & Safety

We are unswerving in our resolve to provide a safe and healthy working environment for our employees by implementing the Health, Safety and Environmental ("HSE") and Occupational Health & Safety ("OHS") measures in compliance with the national OSH regulations. CNI has also structured an HSE unit that produces monthly HSE reports, and a committee that is trained in Basic Occupational First Aid under the supervisions of an HSE officer. The committee members reside in each department, and strive to create a safer, healthier and more conducive working environment.

Our health and safety management systems are BS OHSAS 18001:2007 certified, and our health and safety committee roll out safety inspections and health programmes. This has contributed to CNI having achieved two years of zero lost time injury frequency (LTIF) for the Group.

As part of our crisis management procedures, we have put the following in place:

- To mitigate the effects of the COVID-19 outbreak, we have enhanced our crisis management procedures to align with the Ministry of Health's standards. We ensure that our staff comply with specific procedures that include self-quarantine and travel restrictions locally, regionally and globally. We have made hand sanitizers available at critical points, and conducted mandatory temperature checks at main entrances. In addition, we provided disposable face masks, hand sanitizers and CNI health supplements to our employees.

- We had initiated a mobile workforce that allows qualified staff to work from home. This is to minimise the risk of the spread of COVID-19 among CNI staff should any staff member be inadvertently exposed to the virus and the likelihood of interruptions to critical control measures shall ensure resilience of the core operations under the new norm.

Community Relations & Empowerment

Legacy is a major theme that continues to inspire and drive us forward as an organisation. It is also reflected in the Group's Corporate Social Responsibility ("CSR") efforts via Yayasan CNI. Our aim is to create a sustainable and enduring positive impact on the various communities that we operate in for generations to come.

The Group's CSR activities revolved around creating shared values and advancing the economic and social conditions of the communities in which it operates. CNI's CSR programmes are focused on the following items:

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 CNI employees

As a continuation of these efforts, Yayasan CNI will maintain its primary focus of providing incentive to appreciate CBOs' children who achieve academic excellence. In FYE 2020, a total of 165 CBOs' children along with employees' children were successfully awarded.

In 2020, CNI teamed up with various NGOs for the following initiatives:

- Masks4All Malaysia movement to contribute more than RM200,000 worth of hand sanitizers and face masks to help frontliners and the community to mitigate the spread of COVID-19 virus
- Donation of Well3 Ester-C and Total Clean Hand Sanitizers to several schools
- Total Clean Hand Sanitizer charity sales with JiuQiu book store."
- Donation to Myschool

MOVING FORWARD

As CNI ventures forth, we remain committed to integrating the agenda of sustainability into our operations and business strategies in greater measure. The various stakeholders that are responsible for the Group's sustainability agenda will continue to plan, implement and review sustainability measures to ensure that the Group's sustainability agenda aligns with its business strategies and that it delivers sustainable performance on the EES fronts. Our intention is to balance out our economic performance with responsible environmental and social considerations for the long term so that CNI, together with our diverse stakeholders, can grow in a sustainable manner.

Corporate Governance Overview Statement

The Board of Directors ("the Board") is pleased to present to the shareholders the Corporate Governance ("CG") Overview Statement of the Company. This CG Overview Statement should be read in conjunction with the CG Report which is available on the Company's website at www.cniholdings.com.my. The CG Report provides details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance ("MCCG") during the financial year 2020 and up to the date of this Report.

The Board recognises the importance of the MCCG and is committed towards achieving high standards of corporate governance practices, values and ethical business conduct.

The CG Overview Statement reports on how the Group has applied the 3 principles, its key focus areas and future priorities with reference to the principles and practices of the MCCG, having considered the Group's structure, business environment and industry practices:

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

The Board is satisfied that the practices set out in the MCCG have, in all material aspects, been applied to achieve their intended outcomes which are found to be suitable and appropriate to the Group as set out in this Statement and the CG Report. The departures and non-adoption under the MCCG include the following:

- Practice 4.1: At least half of the Board comprises Independent Directors
- Practice 4.3 Step Up: Policy which limits the tenure of its independent directors to nine years.
- Practice 4.5: The Board discloses the Company's policies on gender diversity, its targets and measures to meet those targets; and
- Practice 8.4 Step Up: The Audit Committee should comprise solely of Independent Directors.

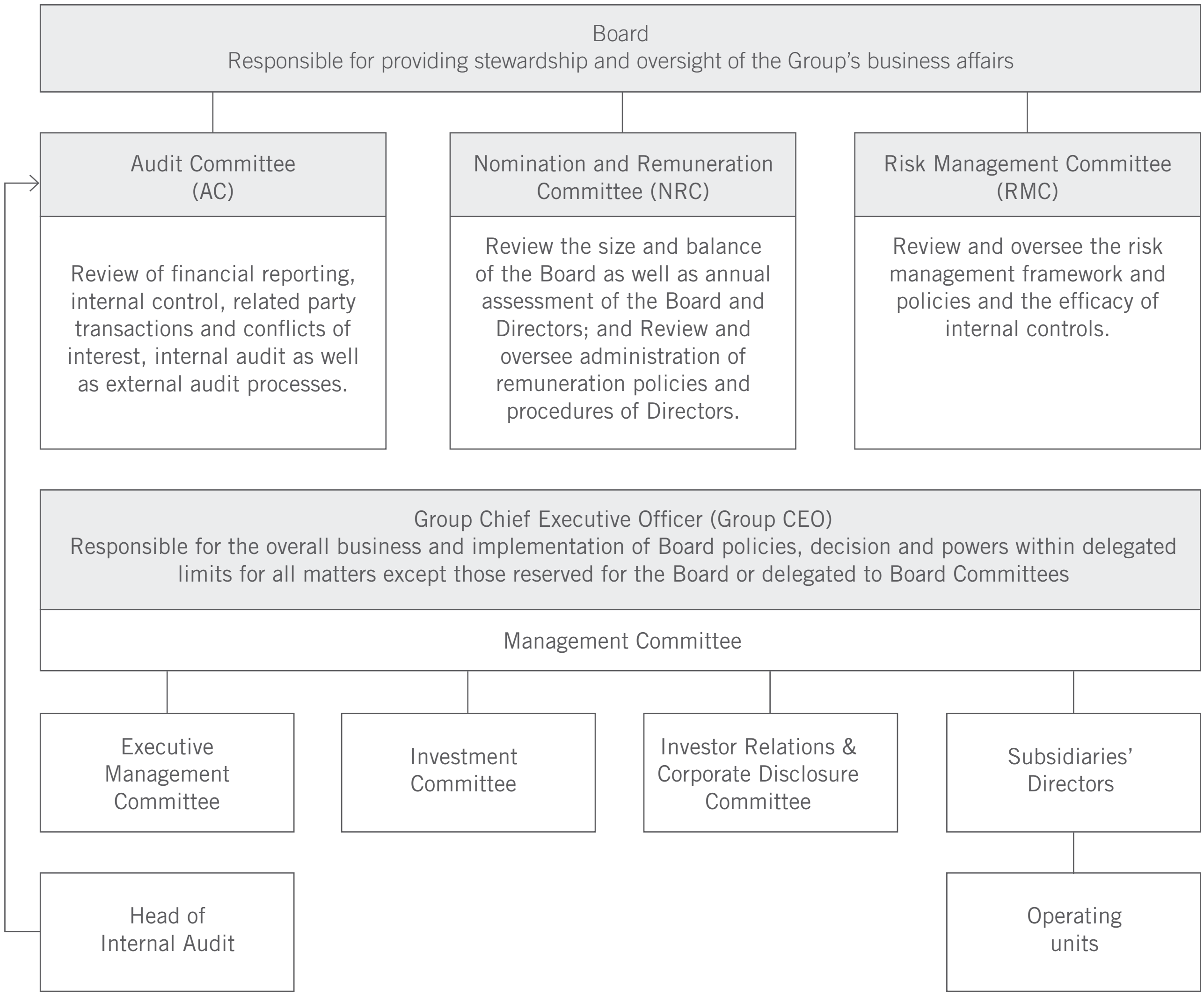
The explanation for the departures, the Company's intended actions and timeframe to address the departure are disclosed in the CG Report.

A summary of the Group's CG practices with reference to the MCCG is described below.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITES

The Board is responsible for the CG practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.



As depicted in the above illustration, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good CG.

The Board has formalized a Board Charter which is a comprehensive reference document for Directors on matters relating to the Board and its process. The Board Charter also sets out the roles and responsibilities of the Board and the individual Directors. The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives. The Board Charter is made available on the Company's website at www.cniholdings.com.my.

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results as well as key performance indicators. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2020 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	3/3	
Yee Kee Bing	4/4			
Independent Non-Executive Directors				
Dr. Ch'ng Huck Khoon	4/4	5/5	3/3	4/4
Lim Lean Eng	4/4	5/5	3/3	4/4

Board /Board Committee Chairman   Member

There is clear delineation of roles of the Board and Management. The Group CEO is the conduit between the Board and the Management in driving the success of the Group's governance and management function. The Group CEO manages and implements the Board's policies and decisions through the Management Committees.

The Board members have full access to the Company Secretary. The Company Secretary is qualified to act as company secretary under the Companies Act 2016. The Company Secretary ensures the Directors are provided with sufficient information and time to prepare for Board meetings. To this, the meeting materials are made accessible to the Directors within reasonable periods prior to the meetings. The Company Secretary attends all meetings of the Board and Board Committees and provides advisory services to the Board on corporate administration and governance matters including compliance with the relevant laws, rules and regulations.

The Company takes a stance against the use of corrupt practices in relation to its activities and promotes a culture of integrity within the organisation by ensuring there are adequate policies and procedures which are implemented appropriately in line with the principles under the Guidelines for Adequate Procedures pursuant to Section 17A of the MACC Act 2009. During the year, the Board had reviewed the Code of Business Ethics for Directors to affirm its commitment to practise the highest level of integrity and ethics. The Board has adopted the Anti-Bribery and Anti-Corruption Policy which serves as control measures to address and manage the risk of fraud, bribery, corruption, misconduct and unethical practices for the benefit of long-term success of the Company. They can be found at the Company's website at www.cniholdings.com.my.

The Board also has in place the Whistleblower Policy for Directors which may be used for reporting any individual director's 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.cniholdings.com.my.

The Board is committed to delivering long term sustainable values to all its stakeholders, both internal and external. Thus, in all its business decision the Board is ever mindful that amongst the key considerations are business sustainability and ethical practices. To build business sustainability and maintain ethical practices, the Board continuously instils the need to cultivate and promote good corporate values throughout the organization by upholding the virtue of "Tone from the top".

2. BOARD COMPOSITION

The Board of the Company comprises six (6) members, two (2) of which are Executive Directors, four (4) are Non-Executive Directors. Two (2) of the Directors are Independent Directors. This complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) ("MMLR") which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.

Practice 4.2 of the MCCG states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years' tenure, an Independent Director may continue to serve on the board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process.

At present, an Independent Director namely Mr. Lim Lean Eng has served the Board for more than 12 years and another Independent Director namely, Dr. Ch'ng Huck Khoon has served the Board for more than 9 years.

The Board recommends that shareholders' approval be sought at the forthcoming AGM for Mr. Lim Lean Eng through a "two-tier" voting process as below and Dr. Ch'ng Huck Khoon to continue to act as Independent Directors.

- The first tier comprises approval of the Large Shareholder of the Company; and

- The second tier comprises approval of the shareholders other than Large Shareholder.

Notwithstanding their extended tenure, the Board has determined and satisfied that Mr. Lim Lean Eng and Dr. Ch'ng Huck Khoon are able to carry out their duties in a fair, impartial and conscientious manner. The Board is of the opinion that they can continue to bring independent and objective judgment to the Board. They challenge the Management in an effective and constructive manner, providing check and balance in Board proceedings. They actively participated in Board discussion and provided an independent voice on the Board.

The Board acknowledges the recommendation of the MCCG on the establishment of gender diversity policy. There is no plan by the Board to implement a gender diversity policy or targets, as the Board adheres to the practice of non-discrimination of any form, whether based on age, gender, ethnicity or religion throughout the Group. This includes the selection of Board members and senior management. In addition, the Group believes that it is of utmost importance that the Board comprises the best qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.

3. BOARD EFFECTIVENESS

The Board, with the assistance of the NRC, regularly assesses the skills, experience, independence and diversity required collectively for the Board to effectively fulfil its role. The Board was satisfied that there was mutual respect among Directors which contributed to a democratic environment so as to constructively deliberate and undertake a robust decision-making process.

The Board reviews its performance, and that of Board Committees and individual Directors on an annual basis based on a set of predetermined criteria in a process that is facilitated by the NRC. For the year under review, the NRC's key activity was to assess the overall Board and Board Committees' performance and effectiveness as a whole. The NRC was satisfied that the Board and Board Committees' composition had fulfilled the criteria required, possessing a right blend of knowledge, experience and mix of skills. In addition, the NRC also recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming Annual General Meeting (AGM).

The Board acknowledges that continuous education is essential for its members to gain insight into the state of economy, technology advances, regulatory updates and management strategies.

The following are the training programmes, seminars and briefings attended by Directors during the financial year 2020:

Name	Programme Title
Non-Executive Directors	
Koh How Loon	Coronavirus - Challenges & Opportunities MBB on Finding the Silver Lining within New Normal NAPIC 2019 & Penjana Update on Tax Planning In-house ZOOM training
Chew Boon Swee	Coronavirus - Challenges & Opportunities

Name	Programme Title
Non-Executive Directors	
Dato' Koh Peng Chor	Coronavirus - Challenges & Opportunities In-house ZOOM training
Yee Kee Bing	Coronavirus - Challenges & Opportunities
Dr Ch'ng Huck Khoon	Coronavirus - Challenges & Opportunities Volatility Based Quantitative Analysis and Machine Learning Models Evolution of Algorithmic Trading: Automation of Trading System via Local Brokerages
Lim Lean Eng	Coronavirus - Challenges & Opportunities

The Directors are encouraged to participate in other relevant training programmes to further enhance their knowledge and skills in discharging their responsibilities more effectively.

4. REMUNERATION

The Board has established the policies and procedures to determine the remuneration of Directors and Senior Management. The NRC is responsible to formulate and review the remuneration policies to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices.

Details of the remuneration of Directors (both the Company and the Group) who served during the financial year ended 31 December 2020 are as follows:

	Fees (RM)	Salaries (RM)	Retirement benefits (RM)	Allowances (RM)	Benefits -in-kind (RM)	Total (RM)
Group						
Executive Directors						
Koh How Loon	-	472,079	-	38,068	21,250	531,397
Chew Boon Swee	12,766	446,527	39,767	50,400	21,250	570,710
Non-Executive Directors						
Dato' Koh Peng Chor	168,300	-	-	9,640	10,625	188,565
Yee Kee Bing	43,800	-	-	4,000	-	47,800
Dr. Ch'ng Huck Khoon	43,800	-	-	5,000	-	48,800
Lim Lean Eng	43,800	-	-	5,000	-	48,800
Total	**312,466**	**918,606**	**39,767**	**112,108**	**53,125**	**1,436,072**
Company						
Executive Director						
Koh How Loon	-	112,883	-	9,037	-	121,920
Non-Executive Directors						
Dato' Koh Peng Chor	168,300	-	-	9,640	10,625	188,565
Yee Kee Bing	43,800	-	-	4,000	-	47,800
Dr. Ch'ng Huck Khoon	43,800	-	-	5,000	-	48,800
Lim Lean Eng	43,800	-	-	5,000	-	48,800
Total	**299,700**	**112,883**	**-**	**32,677**	**10,625**	**455,885**

The Board has determined that the Senior Management is the CEO of the Company and its subsidiaries and who are primarily responsible for the business operations of the Company's core business.

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

	Fees (RM)	Salaries (RM)	Retirement benefits (RM)	Allowances (RM)	Benefits -in-kind (RM)	Total (RM)
Koh How Loon	-	472,079	-	38,068	21,250	531,397
Chew Boon Swee	12,766	446,527	39,767	50,400	21,250	570,710

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

5. 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 in the Annual Report.

6. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making. The Group has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. The Group, through the Risk Management Committee, maintains detailed risk registers which are reviewed and updated on quarterly basis. Focus areas of risks are reported and deliberated at the AC meetings.

The internal audit function is carried out by the in-house Internal Audit Department (IAD) of CNI. The IAD is led by the Head of Internal Audit who reports functionally to the AC. IAD's authority, scope and responsibilities are governed by an Internal Audit Charter, approved by the AC. Further information on the Group's risk management and internal control framework is made available in the Statement of Risk Management and Internal Control of the Annual Report.

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

7. COMMUNICATION WITH STAKEHOLDERS

The Company ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. The Company also engages all its stakeholders through various platforms including the announcement via Bursa LINK, disclosure on its website and engagement through the investor relation function.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication. Contact for enquiries regarding investor relation matters of the Group via email: cnisec@cni.my.

8. CONDUCT OF GENERAL MEETINGS

The Company had conducted a fully virtual 31st AGM which was held on 16 July 2020 at the Diamond Hall of Wisma CNI (Broadcast Venue) by leveraging technology in accordance with Section 327(1) and (2) of the Companies Act 2016, Article of the Constitution of the Company and the SC's Guidance and FAQs on the Conduct of General Meetings for Listed Issuer dated 18 April 2020. All 6 members of the Board were present, where three (3) Directors amongst the eight (8) essential individuals were physically present at the Broadcast Venue. The other three (3) Directors attended the 31st AGM via video conferencing together with the members of senior management.

The notice of the 31st AGM was issued 24 days before the AGM date. At the same time, shareholders were advised to take advantage of the remote participation and voting (RPV) facilities as a precautionary measure in view of the COVID-19 pandemic. To further encourage engagement between the Directors and shareholders, shareholders were also invited to ask questions during the meeting.

The shareholders, corporate representatives and proxies attended the 31st AGM via ZOOM video conferencing. The proceedings of the AGM at the Broadcast Venue included the CEO's presentation of the Company's operating and financial performance to the shareholders, and a Question & Answers session during which the Chairman invited shareholders to ask questions on the spot, pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote.

The Scrutineers verified and announced the poll results for each resolution, which included votes in favour and against, upon which the Chairman of the 31st AGM declared that all the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The minutes of the 31st AGM (including the Questions raised at the meeting and the Answers thereto) were also made available on the Company's website at www.cniholdings.com.my.

FOCUS AREAS ON CORPORATE GOVERNANCE AND PRIORITIES

The Board recognises the importance of the MCCG. During the year under review, the Board has reviewed the composition of the Board and the respective Board Committees and evaluated the gap that is required to meet the practices as recommended by the MCCG.

The Board, through the NRC, is currently reviewing the selection of Independent Non-Executive Directors to be appointed to the Board. During the year 2020, the Board was satisfied that none of the Independent Non-Executive Directors had any relationships that could materially interfere with, or perceived to be materially interfering with their unfettered and independent judgement and ability to act in the best interest of the Company.

This Statement was approved by the Board of Directors on 2 April 2021.

Statement On Risk Management And Internal Control

Introduction

Pursuant to the 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the Board of Directors (Board) is pleased to provide the Statement of Risk Management and Internal Control for the financial year ended 31 December 2020 which was prepared in accordance with Practice 9.1 and 9.2 of the Malaysia Code of Corporate Governance (MCCG) and the "Statement of Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

BOARD'S RESPONSIBILITY

The Board is committed to maintaining 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 control 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, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

The board does not regularly review internal control systems 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.

RISK MANAGEMENT

The Board has established 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 board has empowered the Risk Management Committee (RMC) to review and ensure the ERM framework is carried out within the Group. The members of RMC comprises three (3) members, two (2) of which are Independent Non-Executive Directors and one (1) is Executive Director.

The reporting structure of the risk management of the Group is illustrated as follows:

The RMC reports to the Board of Directors of CNI Holdings Berhad. The RMC reviews the strategies risks of the Group and the inherent risks arising from business operations. RMC is assisted by RMU comprised of divisional heads and senior management. The RMU is responsible for implementation of the risk management process on behalf of the RMC. The RMU coordinates with the business units within the Group for risk identification and execution of appropriate risk mitigation measures.

During the financial year, four RMC meetings had been conducted to review the business risks faced by the Group and ensure relevant mitigation controls are carried out by the business unit. In the RMC meeting, RMC chairperson may invite RMU chairperson or key risk owners to attend the RMC meeting to deliberate on the key and new risks identified and to update on the status and management action plans. The outcomes of the RMC meeting were presented to the Board accordingly.

In 2020, the COVID-19 pandemic had brought significant disruptions to global norms and has impacted the way businesses are conducted. The Group has constantly imposed risk management controls and policies allowed for business operations to continue uninterrupted despite the pandemic.

To curb the impact of the pandemic, the Group had initiated a mobile workforce, where segments of staff are assigned to work from the office, or work from home. This is to minimise the risk of the spread of COVID-19 among CNI staff should any staff member be inadvertently exposed to the virus. The aim of this arrangement is to reduce the likelihood of interruptions to critical control measures shall ensure resilience of the core operations under the new norm.

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.

RISK MANAGEMENT PROCESS

The Group has implemented an ongoing risk management process as illustrated below, to manage potential risk exposure which may affect the achievement of the Group's corporate and business objectives:

1. Risk Identification

The RMC prioritises risk management strategies and coordinates with the risk owners of the respective business units to identify the key business risks towards achieving the business objectives and strategies.

2. Risk Assessment

The assessment of risks within the group is classified into High, Medium or Low according to the risk impact and likelihood matrix.

3. Risk Treatment

For each of the risks identified, the risk owner is assigned to ensure appropriate action plans are carried out in a timely manner.

4. Risk Monitoring & Review

Management actions plans and status updates would be discussed and reviewed by the RMC. The outcomes of the RMC meetings were documented and reported to the Board accordingly.

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 monthly meetings with the Head of Divisions/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

4. The Board oversees the conduct of the Group's operations through various management meetings and reporting mechanisms. Monthly 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 (BS OHSAS 18001:2007), Food Safety System Certification 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 Ethics during induction. They are required to sign and adhere to the Code of Ethics, which set 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 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; expected conduct by employees in adhering 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. 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. Further details of the internal audit department are set out in the Audit Committee Report on page 38 to 40 of this Annual Report.

Conclusion

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.

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.

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 2020 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 2 April 2021.

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 compliances with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

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 2020 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 2020 without the presence of other Directors and employees, except in situation 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 2020, 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 2020 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 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.

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 independence 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 2020.

The external auditors' non-audit service fees and the statutory audit fees are available on page 145 of this Annual Report.

Internal Audit

During the year, the AC:

1. Reviewed with IA on their annual audit plan which is risk-based and ensure adequate scope and comprehensive coverage over the operations of the Group;
2. Reviewed and deliberated 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; and
6. Reviewed the AC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and recommend to the Board for approval prior to their inclusion in the Company's Annual Report.
7. Reviewed the Anti-Bribery and Anti-Corruption Policy for the Group in compliance with Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) which imposes corporate liability on Malaysian commercial organisations for corruption offences.

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 16 July 2020; 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 functions 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. IA function is carried out according to the International Professional Practices Framework (IPPF) where applicable.

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 have been maintained as adequate.

IAD adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas and activities that are aligned with the Group's strategic plans. The IA Plan 2020 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 operations management, financial reporting processes 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 ensuring that corrective actions on the control deficiencies were taken within the required timeframe. 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 2020 was RM146,805. 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

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	584,406	1,751,924
Non-controlling interests	(158,640)	-
	425,766	1,751,924

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

TREASURY SHARES

As at 31 December 2020, the Company held a total of 7,357,100 ordinary shares of its 720,000,000 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM1,725,523. Further details are disclosed in Note 23 to the financial statements.

DIVIDENDS

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

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

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

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

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:

Chan Kok Liang (Resigned on 1 January 2021)
Koh Tiah Siew
Koh Teng Kiat
Soo Wei Huey
Thong Lai Yeen
Chu Yang Ang
Jean Chuen-Jiang

DIRECTORS' INTERESTS

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at 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 1.1.2020 Unit	Bought Unit	Sold Unit	At 31.12.2020 Unit
Name of Director				
Ordinary shares in the Company				
CNI Holdings Berhad				
Direct interest:				
- 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 interest:				
- Dato' Koh Peng Chor	373,983,483	-	-	373,983,483
- Koh How Loon	370,671,643	-	-	370,671,643
- Chew Boon Swee	6,534,120	-	-	6,534,120
- Dr. Ch'ng Huck Khoon	1,000	-	-	1,000
- Lim Lean Eng	62,520	-	-	62,520

DIRECTORS' INTERESTS (cont'd)

	Number of Ordinary Shares			
	At 1.1.2020 Unit	Bought Unit	Sold Unit	At 31.12.2020 Unit
Name of Director				
Ordinary shares in the Ultimate Holding Company				
Marvellous Heights Sdn. Bhd.				
Direct interest:				
- Dato' Koh Peng Chor	71,660	-	-	71,660
- Chew Boon Swee	7,902	-	-	7,902
Indirect interest:				
- Dato' Koh Peng Chor	137,989	-	-	137,989
- Koh How Loon	137,989	-	-	137,989

By virtue of their interest in the Company, Dato' Koh Peng Chor, Chew Boon Swee and Koh How Loon are deemed to be interested in the Company and its subsidiaries, to the extent of their interests in the Company.

The other Director in office at the end of the financial year did not have any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Company RM	Subsidaries RM
Salaries and other emoluments	131,677	795,171
Fees	299,700	-
Contributions to defined contribution plan and social security	13,883	89,981
Retirement benefit expense	-	39,767
Benefit in kind	10,625	42,500
	455,885	967,419

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than as disclosed in Note 31 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, 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 has 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 their value as shown in the accounting records of the Group and of the Company have been written down to an amount 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 inadequate to any substantial extent;

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

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

(iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

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

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

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to be become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) 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 financial year in which this report is made.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is RM167,534.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiary by any Director or past Director of the Company.

(g) The Company maintains a liability insurance for the Directors and officers of the Company throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Company. The amount of insurance premium paid for the financial year ended 31 December 2020 was RM14,108.

There was no indemnity given to or insurance effected for auditors of the Company and its subsidiaries.

ULTIMATE HOLDING COMPANY

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 2 April 2021

KOH HOW LOON

CHEW BOON SWEE

Statement By Directors & Statutory Declaration

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 51 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 2020 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 2 April 2021

KOH HOW LOON

CHEW BOON SWEE

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

I, Foong Lai Kwan, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 51 to 143 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 2 April 2021

FOONG LAI KWAN

Before me,

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CNI HOLDINGS BERHAD
Company No.: 198901004452 (181758-A)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CNI Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 143.

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 2020, and of their financial performance and their cash flows for the 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 B*y-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 IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current 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 this matter.

We have determined that there are no key audit matters to communicate in our report.

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 the 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:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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.

(e) 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.

(f) 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CNI HOLDINGS BERHAD (cont'd)
Company No.: 198901004452 (181758-A)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

Other Matter

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 contents of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

TAN KEI HUI
03429/04/2023 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 2 April 2021

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	4	67,391,773	66,738,177	1,543,094	1,543,094
Direct operating costs	5	(29,146,789)	(33,055,245)	(3,776)	(3,764)
Gross profit		38,244,984	33,682,932	1,539,318	1,539,330
Other income		3,250,601	3,057,804	2,717,205	953,214
Distribution costs		(26,316,901)	(25,748,778)	-	-
Administrative costs		(12,489,201)	(12,011,670)	(2,080,360)	(2,440,667)
Other expenses		(1,731,242)	(2,829,932)	(423,049)	(4,910,446)
Profit/(Loss) from operations		958,241	(3,849,644)	1,753,114	(4,858,569)
Finance costs		(125,426)	(144,802)	(1,190)	(7,140)
Share of results of an associate, before tax		(75,608)	(507,660)	-	-
Profit/(Loss) before tax	6	757,207	(4,502,106)	1,751,924	(4,865,709)
Tax expense	7	(331,441)	(614,945)	-	-
Profit/(Loss) net of tax, for the financial year		425,766	(5,117,051)	1,751,924	(4,865,709)
Other comprehensive income, net of tax					
Foreign currency translation difference for foreign operations		115,571	(37,572)	-	-
Defined benefit plan actuarial gain		-	7,567	-	-
Share of other comprehensive to result of an associate		25,360	(25,621)	-	-
Total other comprehensive income for the year		140,931	(55,626)	-	-
Total comprehensive income for the year		566,697	(5,172,677)	1,751,924	(4,865,709)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		584,406	(5,132,232)	1,751,924	(4,865,709)
Non-controlling interests		(158,640)	15,181	-	-
		425,766	(5,117,051)	1,751,924	(4,865,709)
Total comprehensive income attributable to:					
Owners of the Company		679,840	(5,171,890)	1,751,924	(4,865,709)
Non-controlling interests		(113,143)	(787)	-	-
		566,697	(5,172,677)	1,751,924	(4,865,709)
Basic earning/(loss) per ordinary share (sen)	8	0.08	(0.72)		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Statements of Financial Position

As At 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	33,820,871	35,384,706	156,591	407,518
Investment properties	10	2,424,000	2,549,550	1,800,000	1,980,000
Intangible assets	11	831,139	772,888	5,638	7,019
Other investments	12	500,001	500,001	1	1
Investment in subsidiaries	13	-	-	81,646,530	80,421,374
Investment in an associate	14	-	-	-	-
Deferred tax assets	15	550,469	873,195	-	-
Goodwill on consolidation	16	-	-	-	-
Investment in preference shares	17	2,311,228	-	-	-
Trade receivables	18	2,392,969	-	-	-
		42,830,677	40,080,340	83,608,760	82,815,912
Current assets					
Inventories	19	13,648,546	14,174,696	-	-
Trade receivables	18	7,697,446	11,258,089	-	-
Other receivables	20	2,716,305	2,625,997	3,922,054	3,916,207
Tax recoverable		152,272	64,486	-	-
Investment in preference shares	17	1,046,637	3,500,000	-	-
Cash and cash equivalents	21	18,328,237	15,787,911	2,826,801	2,936,124
		43,589,443	47,411,179	6,748,855	6,852,331
Total assets		86,420,120	87,491,519	90,357,615	89,668,243

Statements of Financial Position

As At 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	72,000,000	72,000,000	72,000,000	72,000,000
Treasury shares	23	(1,725,523)	(1,725,523)	(1,725,523)	(1,725,523)
Translation reserve	24	30,254	(128,326)	-	-
Legal capital reserve	25	178,989	178,989	-	-
(Accumulated loss)/ Retained earnings		(1,325,671)	(1,910,077)	19,949,014	18,197,090
Equity attributable to Owners of the Company		69,158,049	68,415,063	90,223,491	88,471,567
Non-controlling interests		1,432,548	1,545,691	-	-
Total equity		70,590,597	69,960,754	90,223,491	88,471,567
LIABILITIES					
Non-current liabilities					
Lease liabilities	26	1,135,042	1,311,850	-	-
Retirement benefits	27	-	1,943,566	-	-
Deferred tax liabilities	15	-	444,973	-	-
		1,135,042	3,700,389	-	-
Current liabilities					
Lease liabilities	26	1,194,774	1,186,720	-	15,548
Trade payables	28	3,098,759	4,236,988	-	-
Other payables	29	10,387,488	8,348,646	134,124	1,181,128
Tax payable		13,460	58,022	-	-
		14,694,481	13,830,376	134,124	1,196,676
Total liabilities		15,829,523	17,530,765	134,124	1,196,676
Total equity and liabilities		86,420,120	87,491,519	90,357,615	89,668,243

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2020

2020	Note	Share Capital RM	Legal Capital Reserve RM	Translation Reserve RM	Treasury Shares RM	(Accumulated losses)/ Distributable Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		← Attributable to owners of the Company					→		
		← Non-distributable			→				
Group									
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
Foreign currency translation difference for foreign operations		-	-	70,074	-	-	70,074	45,497	115,571
Share of other comprehensive income of an associate			-	25,360	-	-	25,360	-	25,360
Total other comprehensive income for the financial year		-	-	95,434	-	-	95,434	45,497	140,931
Profit/(Loss) net of tax		-	-	-	-	584,406	584,406	(158,640)	425,766
Total comprehensive income for the financial year		-	-	95,434	-	584,406	679,840	(113,143)	566,697
Realisation of translation reserve on disposal of a subsidiary, representing total transaction with Owners of the Company	13(a)	-	-	63,146	-	-	63,146	-	63,146
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

Statements of Changes in Equity

For The Financial Year Ended 31 December 2020

		Attributable to owners of the Company							
		Non-distributable				Distributable			
	Note	Share Capital	Legal Capital Reserve	Translation Reserve	Treasury Shares	Retained Earnings/ (Accumulated losses)	Total	Non-Controlling Interests	Total Equity
2019		RM	RM	RM	RM	RM	RM	RM	RM
Group									
At 1 January 2019		72,000,000	93,305	(81,101)	(1,717,968)	3,300,272	73,594,508	1,688,817	75,283,325
Foreign currency translation difference for foreign operations		-	-	(21,604)	-	-	(21,604)	(15,968)	(37,572)
Defined benefit plan actuarial gain	27	-	-			7,567	7,567	-	7,567
Share of other comprehensive income of an associate		-	-	(25,621)	-	-	(25,621)	-	(25,621)
Total other comprehensive income for the financial year		-	-	(47,225)	-	7,567	(39,658)	(15,968)	(55,626)
(Loss)/Profit net of tax		-	-	-	-	(5,132,232)	(5,132,232)	15,181	(5,117,051)
Total comprehensive income for the financial year		-	-	(47,225)	-	(5,124,665)	(5,171,890)	(787)	(5,172,677)
Reservation of legal capital reserve	25	-	85,684	-	-	(85,684)	-	-	-
Shares repurchased		-	-	-	(7,555)	-	(7,555)	-	(7,555)
Dividend paid to non-controlling interests	30	-	-	-	-	-	-	(142,339)	(142,339)
Total transactions with Owners of the Company		-	85,684	-	(7,555)	(85,684)	(7,555)	(142,339)	(149,894)
At 31 December 2019		72,000,000	178,989	(128,326)	(1,725,523)	(1,910,077)	68,415,063	1,545,691	69,960,754

	Non-distributable Share Capital RM	Non-distributable Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
Company				
At 1 January 2019	72,000,000	(1,717,968)	23,062,799	93,344,831
Loss net of tax, representing total comprehensive income for the financial year	-	-	(4,865,709)	(4,865,709)
Shares repurchased, representing total transaction with Owners of the Company	-	(7,555)	-	(7,555)
At 31 December 2019	72,000,000	(1,725,523)	18,197,090	88,471,567
At 1 January 2020	72,000,000	(1,725,523)	18,197,090	88,471,567
Profit net of tax, representing total comprehensive income for the financial year	-	-	1,751,924	1,751,924
At 31 December 2020	72,000,000	(1,725,523)	19,949,014	90,223,491

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows from Operating Activities					
Profit/(Loss) before tax		757,207	(4,502,106)	1,751,924	(4,865,709)
Adjustments for:					
Amortisation of intangible assets		134,365	127,277	1,381	694
Bad debts written off		234,682	31,149	89,632	2,302
Depreciation of property, plant and equipment		2,946,338	1,945,749	61,267	73,584
Dividend income:					
- Preference Shares	17	(621,824)	(630,000)	-	-
Fair value adjustment on investment in preference shares		142,135	-	-	-
Fair value adjustment on deferred trade receivables		152,905	-	-	-
Gain on disposal of intangible assets		-	(228,994)	-	(228,994)
Gain on disposal of a subsidiary	13(a)	(280,055)	-	-	-
Loss /(Gain) on disposal of property, plant and equipment		38,446	(2,911)	43,944	-
Impairment loss on:					
- Other receivables		44,342	168,877	53,174	-
- Trade receivables		417,680	481,851	-	-
- Amount owing by subsidiaries		-	-	-	316
- Investment in an associate		-	1,393,609	-	4,866,282
Intangible assets written off		1,568	1	-	-
Interest expense on lease liabilities		125,426	144,802	1,190	7,140
Interest income:					
- Short term fund and deposits placed with licensed banks		(368,376)	(659,241)	(173,010)	(345,517)
- Amount owing by a subsidiary		-	-	(112,196)	(119,928)
Inventories written off		751,379	105,465	-	-
Inventories written down		-	250,704	-	-
Net fair value loss on investment properties		125,550	-	180,000	-
Property, plant and equipment written off		7,668	83,661	2	11
Retirement benefit expense		39,767	82,232	-	-
Reversal of impairment loss on:					
- Property, plant and equipment		(1,006)	-	-	-
- Trade receivables		(22,795)	-	-	-
- Other receivables		(15,691)	-	-	-
- Investment in a subsidiary		-	-	(1,225,156)	-
- Investment in an associate		(50,958)	-	-	-

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash Flows from Operating Activities (cont'd)					
Adjustments for: (cont'd)					
Reversal of inventories written down		(649,549)	-	-	-
Share of results of an associate		75,608	507,660	-	-
Unrealised loss/(gain) on foreign exchange		194,888	(16,170)	7,166	(8,442)
Reversal of accruals no longer required		(193,969)	-	-	-
Waiver of amounts owing to trade payables		(38,318)	-	-	-
Waiver of debt on amount owing to a subsidiary		-	-	(1,165,818)	(116,857)
Operating profit/(loss) before changes in working capital		3,947,413	(716,385)	(486,500)	(735,118)
Changes in working capital:					
Inventories		292,330	(379,914)	-	-
Receivables		(279,784)	1,473,974	(166,076)	31,315
Payables		67,157	(1,555,940)	118,814	(62,082)
Net cash flow generated from/(used in) operating activities		4,027,116	(1,178,265)	(533,762)	(765,885)
Dividend received		621,824	630,000	-	-
Interest received		368,376	659,241	285,206	465,445
Interest paid		(125,426)	(144,802)	(1,190)	(7,140)
Tax refund		72,648	33,583	-	-
Tax paid		(658,153)	(1,643,444)	-	-
Net cash from/(used in) operating activities		4,306,385	(1,643,687)	(249,746)	(307,580)
Cash Flows from Investing Activities					
Proceeds from disposal of intangible assets		-	609,222	-	609,222
Proceeds from disposal of property, plant and equipment		260,516	3,099	149,870	-
Purchase of intangible assets		(185,650)	(269,862)	-	-
Purchase of property, plant and equipment		(451,058)	(1,115,365)	(4,156)	(3,020)
Repayment from subsidiaries		-	-	10,257	1,184,283
Net cash outflow of disposal of a subsidiary	13(a)	(35,607)	-	-	-
Net cash (used in)/from investing activities		(411,799)	(772,906)	155,971	1,790,485

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows from Financing Activities					
Purchase of treasury shares		-	(7,555)	-	(7,555)
Repayment of lease liabilities	(i)(ii)	(1,370,742)	(659,144)	(15,548)	(93,336)
Dividend paid		-	(2,137,929)	-	(2,137,929)
Dividend paid to non-controlling interests	30	-	(142,339)	-	-
Net cash used in financing activities		(1,370,742)	(2,946,967)	(15,548)	(2,238,820)
Net increase/(decrease) in cash and cash equivalents		2,523,844	(5,363,560)	(109,323)	(755,915)
Cash and cash equivalents at beginning of the financial year		15,787,911	21,155,065	2,936,124	3,692,039
Effect of exchange rate changes on cash and cash equivalents held		16,482	(3,594)	-	-
Cash and cash equivalents at end of the financial year	21	18,328,237	15,787,911	2,826,801	2,936,124

(i) Cash outflow for leases as a lessee are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Included in net cash (used in)/ from operating activities:				
Interest paid in relation to lease liabilities	125,426	144,802	1,190	7,140
Payment relating to lease:				
- Lease of low value of asset	137,600	197,418	-	-
- Short term lease rental	975,649	1,574,292	158,018	177,776
Included in net cash used in financing activities:				
Payment for the principal portion of lease liabilities	1,370,742	659,144	15,548	93,336
	2,609,417	2,575,656	174,756	278,252

(ii) Reconciliation of movement of liabilities to cash flows arising from financing activities

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Lease liabilities				
At beginning of financial year, as previously stated	2,498,570	1,155,722	15,548	108,884
Effect on adoption of MFRS 16	-	967,646	-	-
At beginning of financial year, restated	2,498,570	2,123,368	15,548	108,884
Repayment during the financial year	(1,370,742)	(659,144)	(15,548)	(93,336)
Drawdown during the financial year	1,201,938	1,034,346	-	-
Effect of foreign exchange	50	-	-	-
At end of the financial year	2,329,816	2,498,570	-	15,548

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Notes to The Financial Statements

31 December 2020

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 2 April 2021.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRSs	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and for the Company:

Effective for financial periods beginning on or after 1 June 2020	
Amendments to MFRS 16	Covid-19 - Related Rent Concessions
Effective for financial periods beginning on or after 1 January 2021	
Amendments to MFRS 9, MFRS 7 MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Effective for financial periods beginning on or after 1 January 2022	
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 - 2020	
Effective for financial periods beginning on or after January 2023	
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Effective date to be announced	
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

2. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statement of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the the carrying amount of assets and liabilities within the next financial year are set out below.

(a) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimated of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(b) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(c) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(d) Defined benefit plan

The Group has unfunded defined benefit plans for eligible directors. The measurement of the present value of defined benefit obligations is based on a number of assumptions and factors that are determined on an actuarial basis. The assumptions used in the measurement of the defined benefit costs and the related liabilities or assets include projected Directors' salaries, inflation, interest cost and an appropriate discount rate using yields of high qualify corporate bonds. Any changes in these assumptions will have an impact on the carrying amount of the defined benefit obligations.

The details of the other assumptions are further disclosed in Note 27.

(e) Fair value estimates for certain financial assets and liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

3. 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

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to Owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Associates (cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investment in associates is measured in the Company's statements of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

Non-controlling interests

Non-controlling interest in a partly-owned subsidiary represents its share of net assets, other than goodwill, of the subsidiary and is presented as a component of equity separately from Owner's equity. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the Owners of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency

(i) **Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(ii) **Foreign operations denominated in functional currencies other than Ringgit Malaysia ("RM")**

The results and financial position of foreign operations that have a functional currency different from the presentation currency, RM of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

(c) Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and other income recognition (cont'd)

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, The Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;

- The Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Other revenue earned by the Group and the Company are recognised on the following basis:

<u>Rental income</u>

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

<u>Dividend income</u>

Dividend income is recognised when the right to receive payment is established.

<u>Interest income</u>

Interest income is recognised on an accrual basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and other income recognition (cont'd)

Other revenue earned by the Group and the Company are recognised on the following basis: (cont'd)

Management fees

Management fees are recognised when services are rendered.

Subscription revenue

Subscription revenue is recognised when payment for annual renewal fee received and new membership received.

Government grant/assistance

Government grant/assistance received from Government on wages subsidy is recognised on monthly basis over the qualified period under the criteria set by the Government.

(d) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

A defined contribution plan is a contribution plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group and the Company have various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's and the Company's contributions to defined contribution plans are charged to profit or loss in the financial year in which they relate to.

(iii) Defined benefit plan

The Group's net obligation in respect of defined benefit retirement plans 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 are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee benefits (cont'd)

(iii) Defined benefit plan (cont'd)

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 benefit 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 extent 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.

(e) Borrowing costs

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 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(g) Leases

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line or systematic basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment.

The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment except for the lease of premises as disclosed in Note 9 which are depreciated over the lease term period of 2 to 3 years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases (cont'd)

If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

The right-of-use assets are presented as part of property, plant and equipment and investment properties in the statements of financial position.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability except for investment properties which accounted using fair value model under Note 3(k).

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change its assessment of whether it will exercise an extension or termination option.

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

(h) Earnings per share

Basic earnings per share ("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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(i) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

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

Freehold land has an indefinite useful life and therefore is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(j) Capital Work-In-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at its cost. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment properties to a working condition for their intended use.

Investment properties are subsequently measured at fair value with any change therein recognised in profit or loss for the period in which they arise.

Fair value gain or loss arising from the reclassification from property, plant and equipment to investment property is recognised in profit or loss.

The investment properties are 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 items in derecognised.

(l) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the profit or loss.

Other intangible assets

Intangible assets, other than goodwill, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets, other than goodwill, which have indefinite lives and are not yet available for use are stated at cost less impairment losses.

Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Intangible assets (cont'd)

Amortisation (cont'd)

The estimated useful lives for the current and comparative periods are as follows:

Computer software	10% - 20%
Trademark	2%

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.

- finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

- consumable tools, packaging materials and sales aid items: purchase costs on a weighted average cost basis.

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

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, deposits placed with licensed banks and short-term fund that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(o) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments (cont'd)

(i) Initial recognition and measurement (cont'd)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

Financial assets that are equity instruments comprise mainly of investments in equity securities. Subsequent to initial recognition, all equity investments are measured at fair value. Changes in the fair value through profit or loss equity investments are recognised in profit and loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

The Group and the Company categorise financial instruments as follows: (cont'd)

Financial assets (cont'd)

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment under Note 3(p)(i).

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments (cont'd)

(v) Derecognition (cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(p) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. ECL are a probability-weighted estimate of credit losses.

Loss allowance of the Group and the Company are measured on either of the following bases:

(i) 12-months ECL - represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECL - represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

<u>Simplified approach - trade receivables, lease receivables and contract assets</u>

The Group and the Company apply the simplified approach to provide ECL for all trade receivables, lease receivables and contract assets as permitted by MFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

<u>General approach - other financial instruments</u>

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-months ECL at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment (cont'd)

(i) Financial assets (cont'd)

General approach - other financial instruments (cont'd)

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-months ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or

- The financial asset is more than 365 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Credit Impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event (e.g being more than 180 days after the lapse of credit term granted to the borrower);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not other consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment (cont'd)

(i) Financial assets (cont'd)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Equity instruments

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

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group and of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingencies

(i) **Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Contingencies (cont'd)

(ii) Contingent assets

Where is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, 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 measurement 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 non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Manufacturing, marketing and trading of goods	(i)	66,952,920	65,900,193	-	-
Sales of food and beverage	(ii)	318,853	717,984	-	-
Management fees	(iii)	-	-	1,423,094	1,462,304
Rental income from investment properties	(iv)	120,000	120,000	120,000	120,000
		67,391,773	66,738,177	1,543,094	1,543,094

The performance obligation and timing for revenue recognition for each revenue streams are as follows:

(i) Manufacturing, marketing and trading of goods

The Group is principally engaged in manufacturing, marketing and trading of health personal care products, food ingredients, coffee and other related beverage products to local and overseas customers. Geographical locations of the customers are mainly from Malaysia, Brunei, Singapore, Taiwan and China.

Performance obligation ("PO")

POs includes delivery of end products which are distinct and is able to be performed separately. However, the delivery charges of end products was immaterial to be considered as separate PO. Hence, contracts with respective customers are considered as a single PO. The PO is satisfied upon delivery of the goods. Payment is generally due within 30 - 60 days from the date when PO is satisfied.

Timing of recognition

Revenue is recognised when control over the goods have been transferred to the customer upon completion of delivery process. The revenue is recognised at a point in time when customers have acknowledged the receipt of goods sold.

(ii) Sales of food and beverage

The Group provides food and beverage services and catering services towards internal staffs and external customers.

Performance Obligation ("PO")

PO is satisfied upon delivery of food to customers and payment is generally due upon delivery of foods and completion of services rendered. No allocation of transaction price required to PO as each contract consist of one PO only and transaction price is determined based on selling price of the goods.

Timing of recognition

Revenue is recognised at point in time when the food and beverages are served and accepted by the customers.

4. REVENUE (cont'd)

The performance obligation and timing for revenue recognition for each revenue streams are as follows (cont'd):

(iii) Management fees

Fees from management are recognised in the period in which the services are rendered.

(iv) Rental income from investment properties

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the rental tenure.

5. DIRECT OPERATING COSTS

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cost of goods sold	28,331,447	31,934,073	-	-
Cost of food and beverages sold	811,566	1,117,408	-	-
Operating expenses of income generated from investment properties	3,776	3,764	3,776	3,764
	29,146,789	33,055,245	3,776	3,764

6. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Amortisation of intangible assets	134,365	127,277	1,381	694
Auditors' remuneration:				
- Statutory audits				
- Current year	167,534	187,900	16,000	16,000
- Other services	5,000	5,000	5,000	5,000
- Under/(Over)provision in prior financial year	500	(7,082)	-	(7,082)
Bad debts written off	234,682	31,149	89,632	2,302
Depreciation of property, plant and equipment	2,946,338	1,945,749	61,267	73,584
Dividend income from:				
- Preference Shares (Note 17)	(621,824)	(630,000)	-	-

6. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Employees benefit expenses [Note 6(a)]	19,261,844	21,040,855	1,444,163	1,604,547
Fair value adjustment on investment in preference shares	142,135	-	-	-
Fair value adjustment on deferred trade receivables	152,905	-	-	-
Gain on disposal of intangible assets	-	(228,994)	-	(228,994)
Gain on disposal of a subsidiary	(280,055)	-	-	-
(Gain)/Loss on foreign exchange:				
- Realised	(26,165)	31,367	(4,710)	-
- Unrealised	194,888	(16,170)	7,166	(8,442)
Loss/(Gain) on disposal of property, plant and equipment	38,446	(2,911)	43,944	-
Impairment loss on:				
- Trade receivables	417,680	481,851	-	-
- Other receivables	44,342	168,877	53,174	-
- Amounts owing by subsidiaries	-	-	-	316
- Investment in an associate	-	1,393,609	-	4,866,282
Intangible assets written off	1,568	1	-	-
Interest expense on lease liabilities	125,426	144,802	1,190	7,140
Interest income:				
- Short term fund and deposits placed with licensed banks	(368,376)	(659,241)	(173,010)	(345,517)
- Amount owing by a subsidiary	-	-	(112,196)	(119,928)
Inventories written off	751,379	105,465	-	-
Inventories written down	-	250,704	-	-
Net fair value loss on investment properties	125,550	-	180,000	-
Property, plant and equipment written off	7,668	83,661	2	11
Rental income	(523,942)	(518,725)	(25,119)	(100,476)

6. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Reversal of impairment loss on:				
- Property, plant and equipment	(1,006)	-	-	-
- Trade receivables	(22,795)	-	-	-
- Other receivables	(15,691)	-	-	-
- Investment in a subsidiary	-	-	(1,225,156)	-
- Investment in an associate	(50,958)	-	-	-
Reversal of inventories written down	(649,549)	-	-	-
Right-of-use of asset:				
- Lease of low value of asset	137,600	197,418	-	-
- Short term lease rental	975,649	1,574,292	158,018	177,776
Reversal of accruals no longer required	(193,969)	-	-	-
Waiver of amounts owing to trade payables	(38,318)	-	-	-
Waiver of debt on amount due to a subsidiary	-	-	(1,165,818)	(116,857)

(a) Employees benefit expenses comprise:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Staff costs				
Salaries, wages, allowances, overtime and benefits	14,503,368	15,600,895	887,981	973,020
Contributions to defined contribution plan and social security	1,715,794	1,945,974	110,922	119,204
	16,219,162	17,546,869	998,903	1,092,224
Executive Directors				
Fees	152,143	164,340	-	-
Salaries and other emoluments	2,257,363	2,557,366	108,037	120,000
Contributions to defined contribution plan and social security	270,069	313,048	13,883	15,323
Retirement benefit expense	39,767	82,232	-	-
	2,719,342	3,116,986	121,920	135,323

6. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

(a) Employees benefit expenses comprise: (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-excutive Directors				
Fees	299,700	348,000	299,700	348,000
Other emoluments	23,640	29,000	23,640	29,000
	323,340	377,000	323,340	377,000
Total Directors' remuneration	3,042,682	3,493,986	445,260	512,323
Total employees benefit expenses	19,261,844	21,040,855	1,444,163	1,604,547

The estimated monetary value of benefit in kind received by executive and non-executive Directors otherwise than in cash from the Group and the Company amounted to RM83,125 (2019: RM86,584) and RM10,625 (2019: RM10,625) respectively.

7. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current income tax:				
Current year	531,578	621,664	-	-
(Over)/Underprovision in prior financial year	(79,080)	258,217	-	-
	452,498	879,881	-	-
Deferred tax (Note 15):				
Reversal of temporary differences	(121,767)	(242,635)	-	-
Overprovision in prior financial year	-	(26,380)	-	-
	(121,767)	(269,015)	-	-
Share of tax of equity accounted of an associate	710	4,079	-	-
	331,441	614,945	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. **TAX EXPENSE** (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Profit/(Loss) before tax	757,207	(4,502,106)	1,751,924	(4,865,709)
Tax at the Malaysian statutory income tax rate of 24%	181,730	(1,080,505)	420,462	(1,167,770)
Effect of different tax rates in other countries	-	(2,434)	-	-
Tax effect arising from:	-		-	
- Non-deductible expenses	1,314,382	1,068,947	108,489	1,294,263
- Double deduction expenses	-	(68,920)	-	-
- Income not subject to tax	(936,748)	(493,601)	(309,867)	(166,665)
Deferred tax assets not recognised	-	955,542	-	40,172
Utilisation of previously unrecognised deferred tax assets	(149,553)	-	(219,084)	-
(Over)/Underprovision in prior financial year:				
- Income tax	(79,080)	258,217	-	-
- Deferred tax	-	(26,380)	-	-
Share of an associate's tax	710	4,079	-	-
	331,441	614,945	-	-

The Group and the Company have estimated unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances available for set-off against future taxable profits as follows:

	Group		Company	
		Restated		**Restated**
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Unutilised tax losses	25,353,205	22,320,856	7,770,277	8,716,930
Unabsorbed capital allowances	1,830,621	2,526,536	139,759	133,542
Unutilised reinvestment allowances	43,323	43,323	-	-
	27,227,149	24,890,715	7,910,036	8,850,472

7. TAX EXPENSE (cont'd)

The comparative figures have been restated to reflect the actual tax losses, capital allowances and reinvestment allowances carried forward. Such restatement only applicable to the Company and certain subsidiaries of the Group.

For entities under Malaysian jurisdiction, any unutilised tax losses in a year of assessment (“YA”) can only be allowed to be carried forward up to a maximum of seven (7) consecutive years of assessment effective from YA 2019. The foreign unutilised tax losses and unabsorbed capital allowance applicable to foreign incorporated subsidiaries are predetermined by and subject to the tax legislation of the respective countries.

8. BASIC EARNING/(LOSS) PER ORDINARY SHARE (SEN)

Basic earning/(loss) 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	
	2020 RM	**2019 RM**
Profit/(Loss) after tax attributable to the Owners of the Company	584,406	(5,132,232)
Weighted average number of ordinary shares for basic earning/(loss) per share (adjusted for treasury shares) (units)	712,642,900	712,658,517
Basic earning/(loss) per ordinary share (sen)	0.08	(0.72)

Diluted earning/(loss) per share is the same as basic earning/(loss) per share as there is no dilutive potential ordinary shares outstanding during the financial year.

9. PROPERTY, PLANT AND EQUIPMENT

2020	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	Lease of premises RM	Total RM
Group								
Cost								
At beginning of the financial year	4,621,097	35,703,268	25,899,214	4,066,373	15,085,171	3,224,431	967,646	89,567,200
Additions (Note i)	-	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 end of the financial year	4,621,097	35,800,057	25,885,930	3,049,559	14,423,630	3,224,431	2,169,673	89,174,377
Accumulated depreciation								
At beginning of the financial year	-	14,623,302	23,130,401	2,656,572	13,035,548	-	275,401	53,721,224
Charge for the financial year	-	804,835	476,606	246,775	555,491	-	862,631	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 end of the financial year	-	15,472,671	23,540,571	2,080,347	12,661,560	-	1,138,072	54,893,221

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2020	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	Lease of premises RM	Total RM
Group (cont'd)								
Accumulated impairment loss								
At beginning of the financial year	-	-	-	-	69,492	391,778	-	461,270
Reversal	-	-	-	-	(1,006)	-	-	(1,006)
Exchange differences	-	-	-	-	21	-	-	21
At end of the financial year	-	-	-	-	68,507	391,778	-	460,285
Net carrying amount								
At end of the financial year	4,621,097	20,327,386	2,345,359	969,212	1,693,563	2,832,653	1,031,601	33,820,871

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2019	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	Lease of premises RM	Total RM
Group								
Cost								
At beginning of the financial year, previously stated	4,621,097	35,687,193	25,036,309	3,916,769	15,140,350	2,438,241	-	86,839,959
Effect on adoption of MFRS 16	-	-	-	-	-	-	967,646	967,646
At beginning of the financial year, restated	4,621,097	35,687,193	25,036,309	3,916,769	15,140,350	2,438,241	967,646	87,807,605
Additions (Note i)	-	8,500	895,206	149,604	310,211	786,190	-	2,149,711
Disposals	-	-	(37,000)	-	(900)	-	-	(37,900)
Written off	-	-	(2,412)	-	(368,521)	-	-	(370,933)
Exchange differences	-	7,575	7,111	-	4,031	-	-	18,717
At end of the financial year	4,621,097	35,703,268	25,899,214	4,066,373	15,085,171	3,224,431	967,646	89,567,200

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2019	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	Lease of premises RM	Total RM
Group (cont'd)								
Accumulated depreciation								
At beginning of the financial year	-	13,798,887	22,824,378	2,411,847	13,053,405	-	-	52,088,517
Charge for the financial year	-	819,370	341,211	244,725	265,042	-	275,401	1,945,749
Disposals	-	-	(36,999)	-	(713)	-	-	(37,712)
Written off	-	-	(2,411)	-	(284,861)	-	-	(287,272)
Exchange differences	-	5,045	4,222	-	2,675	-	-	11,942
At end of the financial year	-	14,623,302	23,130,401	2,656,572	13,035,548	-	275,401	53,721,224

9. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

2019 (cont'd)	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	Lease of premises RM	Total RM
Group (cont'd)								
Accumulated impairment loss								
At beginning of the financial year	-	-	-	-	69,422	391,778	-	461,200
Exchange differences	-	-	-	-	70	-	-	70
At end of the financial year	-	-	-	-	69,492	391,778	-	461,270
Net carrying amount								
At end of the financial year	4,621,097	21,079,966	2,768,813	1,409,801	1,980,131	2,832,653	692,245	35,384,706

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Motor Vehicles RM	Office Equipment, Furniture & Fittings RM	Computer Hardware RM	Total RM
2020				
Company				
Cost				
At beginning of the financial year	690,901	7,400	71,407	769,708
Additions	-	-	4,156	4,156
Disposal	(294,401)	-	-	(294,401)
Written off	-	-	(3,340)	(3,340)
At end of the financial year	396,500	7,400	72,223	476,123
Accumulated depreciation				
At beginning of the financial year	308,095	3,120	50,975	362,190
Charge for the financial year	56,823	561	3,883	61,267
Disposal	(100,587)	-	-	(100,587)
Written off	-	-	(3,338)	(3,338)
At end of the financial year	264,331	3,681	51,520	319,532
Net carrying amount				
At end of the financial year	132,169	3,719	20,703	156,591
2019				
Company				
Cost				
At beginning of the financial year	690,901	7,400	75,547	773,848
Additions	-	-	3,020	3,020
Written off	-	-	(7,160)	(7,160)
At end of the financial year	690,901	7,400	71,407	769,708
Accumulated depreciation				
At beginning of the financial year	239,005	2,560	54,190	295,755
Charge for the financial year	69,090	560	3,934	73,584
Written off	-	-	(7,149)	(7,149)
At end of the financial year	308,095	3,120	50,975	362,190
Net carrying amount				
At end of the financial year	382,806	4,280	20,432	407,518

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) Acquisition of property, plant and equipment are satisfied by the following:

	Group		Company	
	2020 **RM**	**2019** **RM**	**2020** **RM**	**2019** **RM**
Cash	451,058	1,115,365	4,156	3,020
Lease arrangements	1,201,938	1,034,346	-	-
	1,652,996	2,149,711	4,156	3,020

(ii) The net carrying amount of right-of-use of assets recognised by the Group and the Company are as follows:

	Group		Company	
	2020 **RM**	**2019** **RM**	**2020** **RM**	**2019** **RM**
Plant & machinery & laboratory equipment	972,733	1,189,083	-	-
Motor vehicles	779,279	1,209,469	-	210,987
Capital work-in-progress	-	389,000	-	-
Lease of premises	1,031,637	692,245	-	-
	2,783,649	3,479,797	-	210,987

The depreciation on right of use assets recognised by the Group and the Company is RM994,833 (2019: RM560,501) and RMNil (2019: RM29,440) respectively.

Lease of premises is depreciated over the lease term period of 2 to 3 years.

(iii) Included in the capital work-in-progress with carrying amount of RM1 (2019: RM1) and cost of RM391,779 (2019: RM391,779) is in respect of the acquisition of a service apartment by a subsidiary, Exclusive Mark (M) Sdn. Bhd. The development project was abandoned by the developer when it was 85% completed in prior years.

10. INVESTMENT PROPERTIES

	Leasehold Land and Building RM	Freehold Building RM	Total RM
Group			
2020			
At fair value			
At beginning of the financial year	1,980,000	569,550	2,549,550
Fair value (loss)/gain	(180,000)	54,450	(125,550)
At end of the financial year	1,800,000	624,000	2,424,000
2019			
At fair value			
At beginning/end of the financial year	1,980,000	569,550	2,549,550

	Leasehold Land and Building RM
Company	
2020	
At fair value	
At beginning of the financial year	1,980,000
Fair value loss	(180,000)
At end of the financial year	1,800,000
2019	
At fair value	
At beginning/end of the financial year	1,980,000

The fair value of leasehold land and building was estimated based on valuation by an independent registered valuer, which was based on market evidence of transaction prices for similar properties and, in which certain values are adjusted for differences in key attributes such as property size, time and location under the comparison method on 30 December 2020 and 30 December 2019 respectively.

The fair value of freehold building was determined based on the comparison of similar properties within the proximity based on Directors' assumption for both financial years.

10. INVESTMENT PROPERTIES (cont'd)

The unexpired lease period of leasehold land of the Group and of the Company is more than 50 years.

The right-of-use assets recognised by the Group and the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Leasehold land and building	1,800,000	1,980,000	1,800,000	1,980,000

11. INTANGIBLE ASSETS

	Computer Software RM	Trademark RM	Total RM
Group			
2020			
Non-current assets			
Cost			
At beginning of the financial year	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 end of the financial year	1,403,397	357,842	1,761,239
Accumulated amortisation			
At beginning of the financial year	2,113,452	41,227	2,154,679
Charge for the financial year	108,824	25,541	134,365
Written off	(1,361,790)	-	(1,361,790)
Exchange differences	-	2,846	2,846
At end of the financial year	860,486	69,614	930,100
Net carrying amount			
At end of the financial year	542,911	288,228	831,139

11. INTANGIBLE ASSETS (cont'd)

	Computer Software RM	Trademark RM	Total RM
Group			
2019			
Cost			
At beginning of the financial year	2,485,745	184,021	2,669,766
Additions	269,862	-	269,862
Written off	(13,000)	-	(13,000)
Exchange differences	-	939	939
At end of the financial year	2,742,607	184,960	2,927,567
Accumulated amortisation			
At beginning of the financial year	2,016,775	23,392	2,040,167
Charge for the financial year	109,676	17,601	127,277
Written off	(12,999)	-	(12,999)
Exchange differences	-	234	234
At end of the financial year	2,113,452	41,227	2,154,679
Net carrying amount			
At end of the financial year	629,155	143,733	772,888

	Computer Software RM
Company	
2020	
Cost	
At beginning/end of the financial year	35,271
Accumulated amortisation	
At beginning of the financial year	28,252
Charge for the financial year	1,381
At end of the financial year	29,633
Net carrying amount	
At end of the financial year	5,638

11. INTANGIBLE ASSETS (cont'd)

	Computer Software RM
Company	
2019	
Cost	
At beginning/end of the financial year	35,271
Accumulated amortisation	
At beginning of the financial year	27,558
Charge for the financial year	694
At end of the financial year	28,252
Net carrying amount	
At end of the financial year	7,019

12. OTHER INVESTMENT

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Investment in unquoted shares				
Fair value through profit or loss				
Unquoted shares				
At beginning of the financial year	500,001	2,500,000	1	2,000,000
Written off	-	(1,999,999)	-	(1,999,999)
	500,001	500,001	1	1
Less: Accumulated impairment loss				
At beginning of the financial year	-	(1,999,999)	-	(1,999,999)
Written off	-	1,999,999	-	1,999,999
At end of the financial year	-	-	-	-
At end of the financial year	500,001	500,001	1	1

12. OTHER INVESTMENTS (cont'd)

The investment in unquoted shares amounting to RM500,000 represents a 6.5% equity interest in Collectco Services Sdn. Bhd., which is still in its business incubation period as at the end of the reporting date. Consequently, the investment is carried at cost as there is insufficient information available to reliably measure the fair value using the market approach, income approach or adjusted net assets approach given the wide range of possible values arising.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost		
At beginning of the financial year	83,821,374	83,321,374
Less: Strike off	(500,000)	-
At end of the financial year	83,321,374	83,821,374
Less: Accumulated impairment loss		
At beginning of the financial year	(3,400,000)	(3,400,000)
Reversal	1,225,156	-
Strike off	500,000	-
At end of the financial year	(1,674,844)	(3,400,000)
Net carrying amount	81,646,530	80,421,374

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest 2020 %	2019 %	Principal activities
CNI Enterprise (M) Sdn. Bhd.	Malaysia	100	100	Sale and distribution of health care and consumer products
Exclusive Mark (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages
Q-Pack (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, trading and packaging of all household and personal care products
Symplesoft Sdn. Bhd. #	Malaysia	-	100	Dormant

13. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Infuso Sdn. Bhd.	Malaysia	100	100	Property trading and investment, supply of food and beverage
Lotus Supplies Sdn. Bhd.	Malaysia	70	70	Import and distribution of food ingredients, pharmceutical and healthcare goods, comestic and beauty products
Subsidiaries of CNI Enterprise (M) Sdn. Bhd.				
Creative Network International (S) Pte. Ltd.*	Singapore	100	100	Sale and distribution of health care and consumer products
CNI Global (Malaysia) Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of CNI Global (Malaysia) Sdn. Bhd.				
Creative Network International (Myanmar) Co.,Ltd.*	Myanmar	-	99	Sale and distribution of health care and consumer products
Subsidiaries of Exclusive Mark (M) Sdn. Bhd.				
Bright Way Avenue Sdn. Bhd.	Malaysia	100	100	Marketing and distributing coffee and other related beverage products
Top One Biotech Co., Ltd.*	Taiwan	70	70	Manufacturing, sale and distribution of foodstuffs and groceries products

* Not audited by Moore Stephens Associates PLT.

\# This subsidiary has submitted the application to strike off its name from the register pursuant to Section 550 of the Companies Act 2016 during the financial year. There is no material impact to the profit or loss of the Group and the Company upon the striking off of this subsidiary.

13. INVESTMENT IN SUBSIDIARIES (cont'd)

Reversal of Impairment loss on investment in subsidiaries during the financial year

The Company carried out an annual review of the recoverable amount of its investment in subsidiaries by which a reversal of impairment loss amounting of RM1,225,156 has been recognised in profit or loss for the respective financial year ended. The recoverable amount was derived based on fair value less cost to sales of the respective subsidiaries represented by the management of the Company.

Changes in the Group structure during the financial year

During the year, the Board of Directors of the Group has decided to dispose one of its subsidiaries, Creative Network International (Myanmar) Co., Ltd. The disposal of the subsidiary has been completed on 1 July 2020 at a consideration of USD 1 (approximately RM5) will be received subsequent to the current financial year end.

(a) Effect of disposal on the financial position of the Group:

	Group 2020 RM
Net liabilities disposed:	
Assets	749,589
Liabilities	(1,092,790)
Attributable net liabilities disposed	(343,201)
Realisation of translation reserve on disposal of the subsidiary	63,146
Gain on disposal of a subsidiary	(280,055)
Cash outflow arising on disposal:	
Cash and cash equivalents of the subsidiary disposed	(35,607)
Net cash outflow on disposal	(35,607)

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
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)
2019			
NCI percentage of ownership and voting interest (%)	30%	30%	
Carrying amount of NCI	513,876	1,031,815	1,545,691
Profit/(Loss) for the financial year allocated to NCI	35,332	(20,151)	15,181
Total comprehensive income for the financial year allocated to NCI	35,332	(36,119)	(787)

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	Total RM
2020			
Assets and liabilities			
Non-current assets	9,464	902,917	912,381
Current assets	1,825,473	2,145,974	3,971,447
Current liabilities	(77,034)	(31,635)	(108,669)
Net assets	1,757,903	3,017,256	4,775,159
Results			
Revenue	3,082,775	872,717	3,955,492
Profit/(Loss) for the financial year	44,984	(573,784)	(528,800)
Total comprehensive income	44,984	(422,128)	(377,144)
Cash flows from:			
- Operating activities	(372,464)	114,634	(257,830)
- Investing activities	(2,201)	(174,349)	(176,550)
- Financing activities	5,638	-	5,638

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	Lotus Supplies Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
2019			
Assets and liabilities			
Non-current assets	19,116	975,300	994,416
Current assets	1,781,146	2,522,456	4,303,602
Current liabilities	(87,343)	(58,372)	(145,715)
Net assets	1,712,919	3,439,384	5,152,303
Results			
Revenue	3,267,682	2,006,694	5,274,376
Profit/(Loss) for the year	117,773	(67,170)	50,603
Total comprehensive income	117,773	(120,393)	(2,620)
Cash flows from:			
- Operating activities	83,926	566,611	650,537
- Investing activities	(5,105)	45	(5,060)
- Financing activities	(2,198)	(552,598)	(554,796)

14. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, at cost				
At cost	4,866,282	4,866,282	4,866,282	4,866,282
Share of post-acquisition reserves				
At beginning of the financial year	(3,472,673)	(2,935,313)	-	-
Addition	(50,958)	(537,360)	-	-
At end of the financial year	(3,523,631)	(3,472,673)	-	-
Less: Accumulated impairment loss				
At beginning of the financial year	(1,393,609)	-	(4,866,282)	-
(Reversal)/Addition	50,958	(1,393,609)	-	(4,866,282)
At end of the financial year	(1,342,651)	(1,393,609)	(4,866,282)	(4,866,282)
At end of the financial year	-	-	-	-

The details of the associate are as follows:

Name of companies	Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
CNI Corporation Sdn. Bhd.	Malaysia	30	30	Investment holding and provision of management service and commision agent

<u>Impairment loss</u>

The Group and the Company carried out an impairment review of the recoverable amount of its investment in the associate by which an impairment loss amounted to RMNil (2019: RM1,393,609) and RMNil (2019: RM4,866,282) respectively was recognised in the statements of comprehensive income for the respective financial year ended. The recoverable amount was derived based on fair value less cost to sales of the associate represented by the adjusted net assets of the associate as at both financial year end.

During the current financial year, a reversal of impairment loss amounting 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.

14. INVESTMENT IN AN ASSOCIATE (cont'd)

The summarised financial information of the associate is as follows:

	2020 RM	2019 RM
Assets and liabilities		
Non-current assets	492,844	883,683
Current assets	7,354,759	6,788,802
Current liabilities	(8,847,093)	(8,401,805)
Non-current liabilities	-	(100,305)
Net (liabilities)/assets	(999,490)	(829,625)
Results		
Revenue	5,057,979	6,797,592
Loss for the financial year	(254,398)	(1,705,797)
Other comprehensive income for the financial year	84,533	(85,403)
Total comprehensive income for the financial year	(169,865)	(1,791,200)

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

	2020 RM	2019 RM
Reconciliation of net (liabilities)/assets to carrying amount at end of the financial year		
Group's share of net (liabilities)/assets	(299,845)	(248,887)
Goodwill	1,642,496	1,642,496
Impairment loss	(1,342,651)	(1,393,609)
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	(76,318)	(511,739)
Other comprehensive income	25,360	(25,621)
Total comprehensive income	(50,958)	(537,360)

15. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of financial year	(428,222)	(159,176)	-	-
Recognised in profit or loss (Note 7)	(121,767)	(269,015)	-	-
Exchange differences	(480)	(31)	-	-
At end of financial year	(550,469)	(428,222)	-	-
Representing:				
Deferred tax asset	(550,469)	(873,195)	-	-
Deferred tax liabilities	-	444,973	-	-
	(550,469)	(428,222)	-	-

The components of estimated deferred tax liabilities/(assets) prior to offsetting are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities				
Difference between the carrying amount of property, plant and equipment and their tax base	2,210,336	2,189,823	10,618	14,399
Other taxable temporary differences	-	16,485	-	-
	2,210,336	2,206,308	10,618	14,399

15. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The components of estimated deferred tax liabilities/(assets) prior to offsetting are as follows: (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets				
Unutilised tax losses	(1,286,254)	(620,142)	-	-
Unabsorbed capital allowances	(251,886)	(132,342)	(10,618)	(14,399)
Unutilised reinvestment allowances	(10,398)	-	-	-
Unrealised profits on inventories	(473,007)	(536,213)	-	-
Other deductible temporary differences	(739,260)	(1,345,833)	-	-
	(2,760,805)	(2,634,530)	(10,618)	(14,399)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group		Company	
		Restated		Restated
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	19,993,811	19,666,658	7,770,277	8,716,930
Unabsorbed capital allowances	781,095	1,957,341	95,517	61,713
Unutilised reinvestment allowances	-	43,323	-	-
Other deductible temporary differences	1,549,608	1,280,328	-	-
	22,324,514	22,947,650	7,865,794	8,778,643

The comparative figures have been restated to reflect the actual tax losses, capital allowances and reinvestment allowances carried forward. Such restatement only applicable to the Company and certain subsidiaries of the Group.

16. GOODWILL ON CONSOLIDATION

	Group	
	2020	**2019**
	RM	**RM**
Cost:		
At beginning/end of the financial year	946,709	946,709
Accumulated impairment loss		
At beginning/end of the financial year	(946,709)	(946,709)
Net carrying amount	-	-

17. INVESTMENT IN PREFERENCE SHARES

		Group	
	Note	**2020**	**2019**
		RM	**RM**
Non-current asset			
Non-convertible redeemable preference shares	(i)	2,311,228	-
Current asset			
Non-convertible redeemable preference shares	(i)	1,046,637	3,500,000
		3,357,865	3,500,000

(i) Investment in preference shares can be analysed as follows:

	Group	
	2020	2019
	RM	RM
Minimum payments:		
Present value of investment in preference shares		
- Within one year	1,063,636	3,500,000
- More than one year and less than two years	1,218,182	-
- More than two years and less than five years	1,218,182	-
	3,500,000	3,500,000
Less: Fair value adjustment	(142,135)	-
	3,357,865	3,500,000
Representing:		
Non-current asset	2,311,228	-
Current asset	1,046,637	3,500,000
	3,357,865	3,500,000

Dividend of the preference shares amounting of RM621,824 (2019: RM630,000) has been recognised by the Group in profit or loss during the financial year which has been disclosed in the Note 6 to the financial statements.

17. INVESTMENT IN PREFERENCE SHARES (cont'd)

The redemption price for the non-convertible preference shares which represents the sum guaranteed by a former related party, is calculated as follows.

(a) RM1.00 for each preference share if the total dividends received by the Group within 24 months from the date of allotment of the preference shares equal to or is more than RM840,000;

(b) RM1.15 for each preference share if the total dividends received by the Group within 24 months from the date of allotment of the preference shares equal to or is more than RM420,000 but less than RM840,000;

(c) RM1.25 for each preference share if the total dividends received by the Group within 24 months from the date of allotment of the preference shares equal to or is more than RM210,000 but less than or equal to RM420,000; or

(d) RM1.35 for each preference share if:

(i) No dividend has been paid or received by the Group; or

(ii) The total dividends received within 24 months from the date of allotment is less than or equal to RM210,000.

The right to dividends for the Preference Shares was cumulative based on its previous arrangement with the former related party.

During the financial year, the redemption of the preference shares as mentioned 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 Group;

(b) no dividend shall be payable to the Group 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 Group 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 Shares shall have the right to repayment of capital and the sum equal to the premium paid on the Preference Shares by the Group 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 Group by 36 monthly instalments commence from 1 January 2021;

(f) in the event of any delay in payment of the requisite redemption price to the Group, the issuer is required to pay the Group 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 minimum 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

17. INVESTMENT IN PREFERENCE SHARES (cont'd)

During the financial year, the redemption of the preference shares as mentioned 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: (cont'd)

(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.

In the previous financial year, such investment in preference share was classified under current asset given that the issuer was expected to redeem the preference shares within the next 12 months after the reporting date.

In the current financial year, the redemption schedule was revised to a period beyond 12 months from the reporting date, resulting in a fair value adjustment of RM142,135 being recognised in profit or loss, representing the loss on present value of future redemption estimated using a discount rate of 2.71% per annum.

18. TRADE RECEIVABLES

		Group	
	Note	2020 RM	2019 RM
Non-current			
External parties	(a)	2,392,969	-
Current			
External parties	(a)	7,676,102	10,474,213
Related parties	(b)	898,080	1,265,727
		8,574,182	11,739,940
		10,967,151	11,739,940
Less: Accumulated			
- External parties			
At beginning of the financial year		392,958	13,480
Addition		417,680	392,958
Written off		-	(13,480)
At end of the financial year		810,638	392,958
- Related parties			
At beginning of the financial year		88,893	236,977
Addition		-	88,893
Reversal		(22,795)	-
Written off		-	(236,977)
At end of the financial year		66,098	88,893
		876,736	481,851
		10,090,415	11,258,089

18. TRADE RECEIVABLES (cont'd)

	Group 2020 RM
Deferred receivable balance is disclosed as below:	
Minimum payments:	
- Within one year	3,439,290
- More than one year less than two years	2,492,586
	5,931,876
Less: Unamortised interest	(152,905)
	5,778,971
Representing:	
Non-current asset	2,392,969
Current asset	3,386,002
	5,778,971

(a) The normal credit terms of trade receivables range from 30 to 60 days (2019: 30 to 60 days). Includes in external parties' trade receivables represent the gross balance of RM5,931,876 with the net present value of RM5,778,971 due from an external party that will be repaid pursuant to an instalment scheme spanning a period beyond 12 months from the reporting date. The resultant fair value adjustment of RM152,905 being recognised in profit or loss represents the loss on present value estimated using a discount rate of 2.71%. (2019: Nil %) per annum.

(b) The amounts owing by related parties are trade in nature, unsecured, interest free and are subject to normal credit terms.

19. INVENTORIES

	Group 2020 RM	Group 2019 RM
At cost:		
Raw materials	4,773,762	6,413,753
Work-in-progress	70,730	339,242
Consumable tools	331,425	335,181
Packaging materials	2,058,048	2,076,703
Finished goods and merchandised goods	6,014,153	4,533,713
Sales aid items	341,813	341,198
	13,589,931	14,039,790
At net realisable value:		
Raw materials	36,585	61,299
Packaging materials	22,030	73,607
	58,615	134,906
	13,648,546	14,174,696

During the financial year, inventories of the Group recognised as cost of sales amounted to RM28,062,818 (2019: RM31,910,143).

20. OTHER RECEIVABLES

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Amounts owing by subsidiaries	(a)	-	-	3,909,909	3,920,166
Other receivables	(b)	1,391,302	966,372	194,214	128,990
Deposits		771,037	558,426	-	-
Prepayments	(c)	1,021,643	1,540,225	18,599	14,545
		3,183,982	3,065,023	4,122,722	4,063,701
Less: Accumulated impairment loss					
- Other receivables					
At beginning of the financial year		439,026	270,149	-	-
Addition		44,342	168,877	44,342	-
Reversal		(15,691)	-	-	-
At end of the financial year		467,677	439,026	44,342	-
- Amounts owing by subsidiaries					
At beginning of the financial year		-	-	147,494	182,313
Addition		-	-	8,832	316
Written off		-	-	-	(35,135)
At end of the financial year		-	-	156,326	147,494
		467,677	439,026	200,668	147,494
		2,716,305	2,625,997	3,922,054	3,916,207

(a) These amounts are non-trade in nature, unsecured, interest free [except for amounts due from a subsidiary of RM2,811,884 (2019: RM3,124,081) which is interest bearing at 3.75% (2019: 3.75%)] per annum and are collectible on demand.

(b) Included in other receivables of the Group are amounts owing by related parties amounting to RM394,773 (2019: RM260,954). These amounts are non-trade in nature, unsecured, interest free and are collectible on demand.

(c) Included in the prepayments of the Group is advance payments to suppliers of RM287,614 (2019: RM470,191).

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deposits placed with licensed banks	61,297	61,278	-	-
Short-term fund	9,195,249	7,219,813	1,931,655	1,888,722
Cash and bank balances	9,071,691	8,506,820	895,146	1,047,402
	18,328,237	15,787,911	2,826,801	2,936,124

The effective interest rates of the deposits placed with licensed banks are 1% (2019: 1%) per annum and have maturity periods of three months to one year.

Short-term fund represents investment in highly liquid money market instrument and deposits with financial institution in Malaysia. The short-term fund is subject to an insignificant risk of change in value. The distribution income from this fund is tax exempted and is being treated as interest income by the Group and the Company.

22. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2020 RM	2019 RM	2020 RM	2019 RM
Issued and fully paid:				
At beginning/end of the financial year	720,000,000	720,000,000	72,000,000	72,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

23. 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.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 16 July 2020, renewed their approval for the Company's plan to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

23. TREASURY SHARES (cont'd)

During the financial year, the Company repurchased Nil (2019: 100,000) of its issued ordinary shares from the open market at an average price of RMNil (2019: RM0.075) per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RMNil (2019: RM7,555). The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The repurchased transactions were financed by internally generated funds.

Such treasury shares are held at carrying amount of RM1,725,523 (2019: RM1,725,523) as at financial year end.

As at 31 December 2020, the Company had a total of 7,357,100 (2019: 7,357,100) ordinary shares of its 720,000,000 ordinary shares as treasury shares.

The details of repurchase of treasury shares are as follows:

	Number of shares repurchased Unit	Highest RM	Lowest RM	Average RM	Total consideration RM
Month					
2019					
February 2019	100,000	0.075	0.075	0.075	7,555

There was no resale, cancellation or distribution of treasury shares during the financial year.

24. TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

25. 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 239 Taiwan Companies Act.

26. LEASE LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Minimum lease payments:				
Within one year	1,292,656	1,291,199	-	16,738
More than one year and less than two years	705,580	1,083,125	-	-
More than two years and less than five years	496,429	329,760	-	-
	2,494,665	2,704,084	-	16,738
Less: Future finance charges	(164,849)	(205,514)	-	(1,190)
Present value of lease liabilities	2,329,816	2,498,570	-	15,548
Present value of lease liabilities				
Within one year	1,194,774	1,186,720	-	15,548
More than one year and less than two years	668,178	996,811	-	-
More than two years and less than five years	466,864	315,039	-	-
	2,329,816	2,498,570	-	15,548
Representing:				
Current	1,194,774	1,186,720	-	15,548
Non-current	1,135,042	1,311,850	-	-
	2,329,816	2,498,570	-	15,548

Interest rate per annum of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
	%	%	%	%
Lease liabilities	4.39 - 6.83	4.42 - 6.83	-	4.85

27. RETIREMENT BENEFITS

	Group	
	2020	2019
	RM	RM
At beginning of the financial year	1,943,566	1,868,901
Current service cost and interest [Note 6(a)]	39,767	82,232
Actuarial gain in other comprehensive income	-	(7,567)
Transfer to amount due to a Director	(1,983,333)	-
At end of the financial year	-	1,943,566

The significant actuarial assumptions applied in the measurement of defined benefit pension plan is as follows:

	Group and Company	
	2020	2019
	%	%
Discount rate	-	3.60
Inflation rate*	-	-
Salary increment rate*	-	-

* The Director of the Group and the Company, Chew Boon Swee retired on in October 2020 and will not receive any increases on pensionable salary. Hence, there is no impact on the defined benefit obligation if inflation rate or salary increase assumptions change. Chew Boon Swee is the sole Director who is entitled to this retirement benefits.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined benefit obligation	
	Increase	Decrease
	RM	RM
Group		
2019		
Discount rate (1% movement)	15,077	(14,818)

28. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group range from 30 to 90 days (2019: 30 to 90 days).

Included in the Group's trade payables are amounts owing to related parties of RM604 (2019: RM36,083) which are trade in nature, unsecured, interest free, and are subject to normal credit term.

29. OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Other payables	2,518,885	2,528,858	1,340	214
Deposits	1,417,347	1,261,025	35,000	35,000
Accruals	4,667,923	4,558,763	97,784	102,662
Amounts owing to a Director	1,783,333	-	-	-
Amounts owing to subsidiaries	-	-	-	1,043,252
	10,387,488	8,348,646	134,124	1,181,128

Included in the Group's other payables are advance receipts from customers and amounts owing to related parties of RM806,726 (2019: RM738,894) and RM468,416 (2019: RM220,161) respectively. The amounts owing to related parties are non-trade in nature, unsecured, interest free, and are repayable on demand.

The amounts owing to subsidiaries are non-trade in nature, unsecured, interest free and are repayable on demand.

30. DIVIDENDS

	Group
	2019
	RM
Interim single tier dividend for financial year ended 2019: RM0.29 per share (paid on 22 July 2019) to non-controlling interest by a subsidiary	142,339

31. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company have 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 and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationships with its ultimate holding company, subsidiaries, related parties, associate and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

Related parties' balances are disclosed in Notes 18, 20, 28 and 29.

31. RELATED PARTY TRANSACTIONS (cont'd)

Identity of related parties (cont'd)

Related parties' transactions during the financial year are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Transactions with related parties are as follows:		
Management fee paid and payable	231,747	395,001
Sales to	(1,504,634)	(1,628,093)
Purchase from	27,116	-
Commission payable	55,505	49,752
Research and development expenses	272,947	286,525
Royalty payable	252,851	248,681
Rental income	(280,263)	(302,705)
Transactions with a Director are follows:		
Consultancy fee	134,400	58,500

	Company	
	2020	**2019**
	RM	**RM**
Transactions with subsidiaries are as follows:		
Information communication technologies shared charges paid and payable	51,773	42,468
Interest income	(112,196)	(119,928)
Management fee	(1,423,094)	(1,462,304)
Purchases	63,068	58,376
Rental of premises	158,018	177,776
Transactions with a Director are as follows:		
Consultancy fee	134,400	58,500

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities 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 6(a).

32. CAPITAL COMMITMENTS

	Group	
	2020 **RM**	**2019** **RM**
Approved and contracted for:		
Purchase of property, plant and equipment	831,390	867,940
Approved but not contracted for:		
Purchase of property, plant and equipment	961,450	1,967,836

33 . OPERATING SEGMENTS

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 food and beverages, household and personal care products.

Marketing and trading: Sales and distribution of health care and consumer products, import and distributions of food ingredients, provision of software solution and software research and development, marketing and distributing coffee and other related beverage products

Others: Investment in shares, investment, renting out of properties, operation of food and beverages outlets and dormant companies.

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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

33. OPERATING SEGMENTS (cont'd)

2020	Note	Manufacturing RM	Marketing & Trading RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
Revenue						
External revenue		13,097,369	53,855,551	438,853	-	67,391,773
Inter-segment revenue	(a)	15,070,001	638,599	1,805,988	(17,514,588)	-
Total revenue		28,167,370	54,494,150	2,244,841	(17,514,588)	67,391,773
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 income/(expense)	(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	(e)	39,805,654	47,804,837	94,329,579	(95,519,950)	86,420,120
Segment liabilities	(f)	10,736,199	17,335,602	3,180,932	(15,423,210)	15,829,523

33. **OPERATING SEGMENTS** (cont'd)

2019	Note	Manufacturing RM	Marketing & Trading RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
Revenue						
External revenue		14,828,537	51,071,656	837,984	-	66,738,177
Inter-segment revenue	(a)	15,572,460	553,767	1,962,913	(18,089,140)	-
Total revenue		30,400,997	51,625,423	2,800,897	(18,089,140)	66,738,177
Results						
Interest income		123,074	188,205	467,890	(119,928)	659,241
Dividend income		-	-	630,000	-	630,000
Depreciation and amortisation		(847,370)	(1,041,004)	(184,652)	-	(2,073,026)
Share of results of an associate		-	-	(511,739)	-	(511,739)
Other non-cash (expense)/income	(b)	(303,247)	(906,437)	(4,634,138)	3,494,348	(2,349,474)
Segment profit before tax	(c)	(3,749,052)	375,389	(4,493,760)	3,365,317	(4,502,106)
Segment assets						
Investment in an associate		-	-	4,866,282	(4,866,282)	-
Additions to non-current assets	(d)	1,157,242	1,063,985	9,550	188,796	2,419,573
Segment assets	(e)	42,182,642	47,801,072	93,932,363	(96,424,558)	87,491,519
Segment liabilities	(f)	11,783,634	18,224,255	4,581,585	(17,058,709)	17,530,765

33. OPERATING SEGMENTS (cont'd)

(a) Inter-segment revenue are eliminated on consolidation.

(b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	Group	
	2020 RM	2019 RM
Bad debts written off	234,682	31,149
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)	-
Gain on disposal of intangible assets	-	(228,994)
Impairment loss on:		
- Trade receivables	417,680	481,851
- Other receivable	44,342	168,877
- Investment in an associate	(50,958)	1,393,609
Intangible assets written off	1,568	1
Inventories written off	751,379	105,465
Inventories written down	-	250,704
Loss/(Gain) on disposal of property, plant and equipment	38,446	(2,911)
Property, plant and equipment written off	7,668	83,661
Retirement benefit expense	39,767	82,232
Reversal of impairment loss on:		
- Property, plant and equipment	(1,006)	-
- Trade receivables	(22,795)	-
- Other receivables	(15,691)	-
- Investment in an associate	50,958	-
Reversal of inventories written down	(649,549)	-
Unrealised loss/(gain) on foreign exchange	194,888	(16,170)
Reversal of accruals no longer required	(193,969)	-
Waiver of amounts owing to trade payables	(38,318)	-
	824,077	2,349,474

(c) The following items are added to/(deducted from) segment (loss)/profit before tax to arrive at (loss)/profit before tax presented in the consolidated statements of comprehensive income:

	Group	
	2020 RM	2019 RM
Share of results of an associate	(75,608)	(507,660)
Profit from inter-segment sales	(1,096,643)	(1,757,060)
Finance cost	112,196	119,928
Unallocated corporate expenses	4,956,722	8,678,821
Other income	(4,703,106)	(3,168,712)
	(806,439)	3,365,317

33. OPERATING SEGMENTS (cont'd)

(d) Additions to non-current assets consist of:

	Group	
	2020 **RM**	**2019** **RM**
Property, plant and equipment	1,652,997	2,149,711
Intangible assets	185,650	269,862
	1,838,647	2,419,573

(e) Reconciliation of assets:

	Group	
	2020 **RM**	**2019** **RM**
Segment assets	85,717,379	86,553,838
Deferred tax assets	550,469	873,195
Tax recoverable	152,272	64,486
Total assets	86,420,120	87,491,519

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2020 **RM**	**2019** **RM**
Deferred tax assets	550,469	873,195
Inter-segment assets	(96,070,419)	(97,297,753)
	(95,519,950)	(96,424,558)

(f) Reconciliation of liabilities:

	Group	
	2020 **RM**	**2019** **RM**
Segment liabilities	15,816,063	17,472,743
Tax payable	13,460	58,022
Total liabilities	15,829,523	17,530,765

33. OPERATING SEGMENTS (cont'd)

(f) Reconciliation of liabilities: (cont'd)

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group 2020 RM	Group 2019 RM
Retirement benefits	-	1,943,566
Deferred tax liabilities	-	444,973
Inter-segment liabilities	(15,423,210)	(19,447,248)
	(15,423,210)	(17,058,709)

(g) Geographical information

Revenue information based on the geographical location of customers is as follows:

	Group 2020 RM	Group 2019 RM
China	378,186	951,084
Hong Kong	400,260	444,768
Indonesia	1,923,641	1,075,798
Malaysia	58,365,121	57,474,512
Myanmar	99,178	519,896
Singapore	2,878,662	2,583,147
Sri Lanka	-	41,767
Brunei	1,968,174	1,475,829
Taiwan	213,575	399,601
Thailand	245,360	567,642
United States of America	489,257	632,294
Philippines	153,172	-
Others	277,187	571,839
	67,391,773	66,738,177

33. **OPERATING SEGMENTS** (cont'd)

(g) Geographical information (cont'd)

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	Singapore	Taiwan	Consolidated
	RM	RM	RM	RM
2020				
Property, plant and equipment	33,182,323	8,541	630,007	33,820,871
Investment properties	2,424,000	-	-	2,424,000
Investment 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
2019				
Property, plant and equipment	34,502,970	21,497	860,239	35,384,706
Investment properties	2,549,550	-	-	2,549,550
Investment assets	667,808	-	105,080	72,888
Total non-current assets (excluding financial instruments and deferred tax assets)	37,720,328	21,497	965,319	38,707,144

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Financial assets				
Fair value through profit or loss				
- Other investment*	500,001	500,001	1	1
Amortised cost				
- Investment in preference shares	3,357,865	3,500,000	-	-
- Trade receivables	10,090,415	11,258,089	-	-
- Other receivables	1,694,662	1,085,772	3,903,455	3,901,662
- Cash and cash equivalents	18,328,237	15,787,911	2,826,801	2,936,124
	33,471,179	31,631,772	6,730,256	6,837,786
	33,971,180	32,131,773	6,730,257	6,837,787
Financial liabilities				
Amortised cost				
- Lease liabilities	2,329,816	2,498,570	-	15,548
- Trade payables	3,098,759	4,236,988	-	-
- Other payables	10,387,488	8,348,646	134,124	1,181,128
	15,816,063	15,084,204	134,124	1,196,676

** Inability to determine the fair value on other investments as disclosed in Note 12.*

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 foreign currency risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets 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.

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from their receivables (which consist of trade receivables and other receivables). For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective are 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 and the Company do not offer credit terms without the approval of the executive Directors.

Trade receivables

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

The Group has collateral held as security to minimise credit risk of certain trade receivables of the Group comprises of amounts owing by various Distribution Centres ("DC") for goods purchased amounting of RM1,179,709 (2019: RM1,167,826). 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.

Credit risk concentration profile

At the reporting date, approximately 14% (2019: 11%) of the Group's gross trade receivables were owing by its related parties.

Recognition and measurement

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 assesses impairment of trade receivables on individual and collective basis.

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement (cont'd)

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

The Group uses 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 risk characteristics.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

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

Consistent with the debt recovery process, invoices which are past due more than 180 days after the lapse of credit term granted will be considered as credit impaired. Balances which are past due after the observation period will be considered as credit impaired.

Impairment losses

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2020 and 31 December 2019:

Group	Gross RM	Loss allowances RM	Net RM
2020			
Not past due nor impaired	1,878,072	-	1,878,072
Past due not impaired:			
Less than 30 days	670,745	-	670,745
31 days to 60 days	146,428	-	146,428
61 days to 90 days5	34,538	-	534,538
More than 90 days	1,081,661	-	1,081,661
	2,433,372	-	2,433,372
	4,311,444	-	4,311,444

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2020 and 31 December 2019: (cont'd)

	Gross RM	Loss allowances RM	Net RM
Group (cont'd)			
2020 (cont'd)			
Credit impaired			
Individually impaired	6,655,707	(876,736)	5,778,971
	10,967,151	(876,736)	10,090,415
Group			
2019			
Not past due nor impaired	3,007,724	-	3,007,724
Past due not impaired:			
Less than 30 days	854,841	-	854,841
31 days to 60 days	645,809	-	645,809
61 days to 90 days	184,585	-	184,585
More than 90 days	2,005,728	-	2,005,728
	3,690,963	-	3,690,963
	6,698,687	-	6,698,687
Credit impaired			
Individually impaired	5,041,253	(481,851)	4,559,402
	11,739,940	(481,851)	11,258,089

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses (cont'd)

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

Receivables that are past due but not impaired

The Group has not provided for these trade receivables as there has been no significant change in their credit quality and the amounts are still considered recoverable which are not past due for more than 180 days after the lapse of credit term granted. These relate to a number of independent customers for whom there is no recent history of default.

Credit impaired

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

A debtor of the Group with credit impaired risk on debt amounted to gross balance of RM5,931,876 (2019: RM4,559,402) with net present value of RM5,778,971 (2019: RM4,559,402) has been renegotiated with the Group by way of monthly repayment plan within the next financial years.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

ECL of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group and the Company have provided allowances for ECL on these amounts as disclosed in Note 20.

Credit risk concentration profile

At the reporting date, the Group does not have any significant exposure to any other debtors.

At the reporting date, approximately 96% (2019: 96%) of the Company's gross balances on other receivables were owing by its subsidiaries.

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Inter company balances (non-trade)

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of its subsidiaries to repay the loans and advances on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, ECL are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advances to the Company in full given insufficient highly liquid resources when the loan is demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the reporting date, the Company assumes that there is a significant increase in credit risk given the subsidiaries' financial position has deteriorated significantly which may lead to high probability of default on the advance to the subsidiaries. As a result, the Company has made an allowance for impairment loss of RM8,832 (2019: RM316) on such advance during the financial year.

Investment in preference shares

At the end of the reporting period, the Group has an investment in non-convertible redeemable preference shares. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position. Such investment is considered to be performing and historically, the contractual cash flows obligation on the dividend of preference shares has been met and there is no default in such repayment of dividend by the respective party. In addition, the credit risk on such investment is mitigated by the security held by the Group through collateral property pledged.

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and lease liabilities.

The Group and the Company practice prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount	Contractual cash flows	On demand or within 1 year	1 - 2 years	2 - 5 years
	RM	RM	RM	RM	RM
Group					
2020					
Lease liabilities	2,329,816	2,494,665	1,292,656	705,580	496,429
Trade payables	3,098,759	3,098,759	3,098,759	-	-
Other payables	10,387,488	10,387,488	10,387,488	-	-
	15,816,063	15,980,912	14,778,903	705,580	496,429
Group					
2019					
Lease liabilities	2,498,570	2,704,084	1,291,199	1,083,125	329,760
Trade payables	4,236,988	4,236,988	4,236,988	-	-
Other payables	8,348,646	8,348,646	8,348,646	-	-
	15,084,204	15,289,718	13,876,833	1,083,125	329,760

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM
Company			
2020			
Other payables	134,124	134,124	134,124
Company			
2019			
Lease liabilities	15,548	16,738	16,738
Other payables	1,181,128	1,181,128	1,181,128
	1,196,676	1,197,866	1,197,866

The maturity profiles of the Group's financial liabilities at the reporting date have been disclosed in the table above except for retirement benefit as disclosed in Note 27 which is repayable upon retirement of key management personnel.

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Foreign currency risk

The Group is 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 Group. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), Thailand Baht ("THB"), Brunei Dollar ("BND"), United States Dollar ("USD"), Japanese Yen ("JPY") and British Pound ("GBP").

The Group's exposure to foreign currency (a currency which is other than functional currency of the Group entities) risk, based on carrying amounts as at end of the reporting period was:

				Denominated in			
	SGD	THB	BND	USD	JPY	GBP	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2020							
Trade receivables	-	-	-	1,055,371	-	-	1,055,371
Other receivables	-	157,327	-	492,707	16,499	-	666,533
Cash and cash equivalents	4,411	-	224,384	336,902	2,644	-	568,341
Trade payables	-	-	-	(1,250,596)	-	-	(1,250,596)
Other payables	-	-	-	(380,859)	-	(20,002)	(400,861)
	4,411	157,327	224,384	253,525	19,143	(20,002)	638,788
Group							
2019							
Trade receivables	1,221	-	-	1,132,252	-	-	1,133,473
Other receivables	-	160,518	-	332,652	-	-	493,170
Cash and cash equivalents	4,402	-	331,495	212,193	-	-	548,090
Trade payables	-	(12,874)	-	(2,182,908)	-	-	(2,195,782)
Other payables	(3,879)	-	(470)	(336,362)	-	-	(340,711)
	1,744	147,644	331,025	(842,173)	-	-	(361,760)

34. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

The sensitivities of the Group's profit/(loss) after tax and equity to the possible change in the following foreign currencies against the respective functional currencies of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales, purchases and cash and cash equivalents.

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

	2020		2019	
	Profit after tax RM	Equity RM	Profit after tax RM	Equity RM
Group				
Functional currency/ Foreign currencies				
RM/SGD	(168)	(168)	(66)	(66)
RM/THB	(5,978)	(5,978)	(5,610)	(5,610)
RM/BND	(8,527)	(8,527)	(12,579)	(12,579)
RM/USD	(9,634)	(9,634)	32,003	32,003
RM/JPY	(727)	(727)	-	-
RM/GBP	760	760	-	-

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

35. FAIR VALUES INFORMATION

<u>Financial instrument other than those carried at fair value</u>

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

35. FAIR VALUES INFORMATION (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Table below analyses asset and liability carried at fair value and those not carried at fair value for which fair value is disclosed together with the carrying amounts shown in the statements of financial position.

	Level 3 RM	Total fair value RM	Carrying amount RM
2020			
Group			
Assets			
Investment properties	2,424,000	2,424,000	2,424,000
Other investments*	500,001	500,001	500,001
2019			
Group			
Assets			
Investment properties	2,549,550	2,549,550	2,549,550
Other investments*	500,001	500,001	500,001
2020			
Company			
Asset			
Investment properties	1,800,000	1,800,000	1,800,000
2019			
Company			
Asset			
Investment properties	1,980,000	1,980,000	1,980,000

Level 3:

The fair value of leasehold land and building was estimated based on valuation by an independent registered valuer, which was based on market evidence of transaction prices for similar properties and, in which certain values are adjusted for differences in key attributes such as property size, time and location under the comparison method on 30 December 2020 and 30 December 2019 respectively.

The fair value of freehold building was determined based on the comparison of similar properties within the proximity based on Directors' assumption for both financial years.

* Inability to determine the fair value on other investment as disclosed in Note 12.

36. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group and the Company monitor capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes lease liabilities less cash and cash equivalents balances whilst total capital is equity attributable to Owners of the Company.

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

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Lease liabilities (Note 26)	2,329,816	2,498,570	-	15,548
Less: Cash and cash equivalents	(18,328,237)	(15,787,911)	(2,826,801)	(2,936,124)
Total net debts	(15,998,421)	(13,289,341)	(2,826,801)	(2,920,576)
Total equity attributable to the Owners of the Company	69,158,049	68,415,063	90,223,491	88,471,567
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.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Coronavirus (COVID-19) outbreak

The Coronavirus (COVID-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the COVID-19 outbreak as global pandemic on 11 March 2020.

Following the WHO's declaration, Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of COVID-19 outbreak in Malaysia. Through the MCO, most businesses were forced to close down temporarily for the time being, except those categorised as "Essential Services".

Nonetheless, the COVID-19 pandemic has not resulted in any material impairment to its financial and non-financial assets for current financial year ended or affected the Group's and the Company's ability to continue their business as a going-concern. The interruption of the COVID-19 pandemic and imposition of the MCO did not have any material impact on the Group's and the Company's operations and financial performance for the current financial year ended as the Group's and the Company's certain operation were categorised as "Essential Services" and were allowed to operate during MCO, Conditional MCO ("CMCO") and Recovery MCO ("RMCO").

On 11 January 2021, Malaysia Government has announced MCO on all the states of Malaysia starting from 13 January 2021 to 18 February 2021. On 16 February 2021, 2 March 2021 and 25 March 2021, the Malaysia Government announced the extension of MCO, CMCO and RMCO until 14 April 2021 in respective states. The management does not expect significant impact to the business operations.

List of Properties

The properties held by the Group and the Company as at 31 December 2020 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 31.12.2020 (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	24	19.033	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)	14	1,800	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)	10	570	15 Mar 2017 / -

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 corporate proposals during the financial year ended 31 December 2020.

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 20209 are as follows:

	Company (RM)	Group (RM)
Audit fees	16,000	167,534
Non-audit fees	5,000	5,000

3. Material Contracts

Save as those described in Note 31 to the Audited Financial Statements on pages 122 to 123 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 2020 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 16 July 2020, 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 2020 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	305	Provision of management services to CNIE
	CNIE		274	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)		56	Commission payable to CNI Corp for securing sales order for EM
	EM		1,045	Purchase of beverages and supplements from EM
CNI Venture Sdn Bhd	EM	Dato' Koh Peng Chor Koh How Loon Chew Boon Swee	168	Provision of research, development and testing services to EM
CNI IPHC	CNIE	Dato' Koh Peng Chor Chew Boon Swee	253	Payment of trademark fee by CNIE
Yee Kee Bing trading as Cedarwoods Coaching & Consulting	CNIE	Yee Kee Bing	225	Provision of consultancy and management services to CNIE

Analysis of Shareholdings

As At 16 March 2021

Total Number of Issued Shares	:	720,000,000
Issued Share Capital	:	RM72,000,000.00
Class of Shares	:	Ordinary shares
Voting Rights	:	One 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	353	3.29	5	0.05	10,336	(1)	190	(1)
100 - 1,000	3,631	33.89	266	2.48	1,921,059	0.27	158,240	0.02
1,001 – 10,000	4,033	37.64	103	0.96	15,153,131	2.13	262,360	0.04
10,001 – 100,000	1,915	17.87	12	0.11	68,556,729	9.62	432,200	0.06
100,001 – 35,632,144 (*)	383	3.57	13	0.12	240,104,474	33.69	22,518,058	3.16
35,632,145 and above (**)	1	0.01	0	0.00	363,526,123	51.01	0	0.00
Total	**10,316**	**96.27**	**399**	**3.72**	**689,271,852**	**96.72**(2)	**23,371,048**	**3.28**(2)

Notes:

(*) Less than 5% of issued shares(2)

(**) 5% and above of issued shares(2)

(1) Less than 0.01%

(2) Excluding a total of 7,357,100 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 16 March 2021

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct Interests		Deemed Interests	
Name of Directors	No. of Issued Shares	% of Issued Shares(5)	No. of Issued Shares	% of Issued Shares(5)
Dato' Koh Peng Chor	5,028,680	0.71	373,983,483(1)	52.48
Koh How Loon	1,679,180	0.24	370,671,643(2)	52.01
Chew Boon Swee	1,128,614	0.16	6,534,120(3)	0.92
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%

(5) Excluding a total of 7,357,100 CNI shares bought-back by CNI and retained as treasury shares as at 16 March 2021.

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Deemed Interests	
	No. of Issued Shares	% of Issued Shares[4]	No. of Issued Shares	% of Issued Shares[5]
Marvellous Heights Sdn Bhd	363,526,123	51.01	-	-
PC Marketing Sdn Bhd	7,145,520	1.00	363,526,123[1]	51.01
Dato' Koh Peng Chor	5,028,680	0.71	373,983,483[2]	52.48
Datin Chuah Tek Lan	1,167,200	0.16	377,844,963[2]	53.02
Koh How Loon	1,679,180	0.24	370,671,643[3]	52.01
Wong Siew Fong	27,902,980	3.92	14,396,090[4]	2.02

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.
(4) Disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by her spouse and child.
(5) Excluding a total of 7,357,100 CNI shares bought-back by CNI and retained as treasury shares as at 16 March 2021.

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)
1.	Marvellous Heights Sdn Bhd	363,526,123	51.01
2.	Wong Siew Fong	27,902,980	3.92
3.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	14,308,100	2.01
4.	Chong Choy Chin	13,372,600	1.88
5.	Tan Yuan Fang	9,715,710	1.36
6.	Toh Siew Kee	8,221,954	1.15
7.	Ginawan Chondro	7,201,271	1.01
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For PC Marketing Sdn Bhd	6,760,920	0.95
9.	Moy Mee Leng	6,334,120	0.89
10.	Ong Teck Seng	5,717,000	0.80
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Koh Peng Chor	5,028,680	0.71
12.	Tan Sia Swee	4,680,380	0.66
13.	Stephanus Abrian Natan	4,675,555	0.66
14.	HSBC Nominees (Asing) Sdn Bhd Credit Suisse (Hong Kong) Limited	4,000,000	0.56
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap	3,620,000	0.51
16.	Tang Chin Chuai	3,184,700	0.45
17.	Suharman Subianto	3,102,532	0.44
18.	Cheong Chee Kee	2,463,666	0.35
19.	Koh Tiah Siew	2,295,857	0.32
20.	Lau Ting Hwa	2,000,000	0.28
21.	Gan Chooi Yang	1,744,100	0.24
22.	Lian Sai Siong	1,695,000	0.24
23.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Koh How Loon	1,672,280	0.23
24.	Chooi Heng Yuen	1,600,000	0.22
25.	SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	1,500,000	0.21
26.	Leong Moon Sang	1,420,000	0.20
27.	Dev Shanan	1,402,900	0.20
28.	Lee Ah Mooi @ Lee Wan Eng	1,400,000	0.20
29.	Ooi Keng Thye	1,358,400	0.19
30.	Desmond Yong Kian Foong	1,350,000	0.19
	Total	513,254,828	72.04

Note:
(1) Excluding a total of 7,357,100 CNI shares bought-back by CNI and retained as treasury shares as at 16 March 2021.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Second (32nd) Annual General Meeting ("AGM") of CNI Holdings Berhad ("CNI" or "the Company") will be conducted fully virtual at 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 Tuesday, 11 May 2021 at 11.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation in accordance with Articles 110 and 111 of the Company's Constitution and who being eligible offer themselves for re-election:

   (i) Koh How Loon **Resolution 1**
   (ii) Yee Kee Bing **Resolution 2**

3. To approve the payment of Directors' fees amounting to RM299,700 for the Non-Executive Directors in respect of the financial year ended 31 December 2020. **Resolution 3**

4. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM50,000 from 12 May 2021 until the next AGM of the Company. **Resolution 4**

5. To re-appoint Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to determine their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:

6. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

   (i) "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." **Ordinary Resolution 6**

   (ii) "THAT authority be and is hereby given to retain Dr. Ch'ng Huck Khoon, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM." **Ordinary Resolution 7**

7. **AUTHORITY TO DIRECTORS TO ISSUE SHARES** **Ordinary Resolution 8**

   "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."

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Ordinary Resolution 9**

"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 16 April 2021, 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."

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **Ordinary Resolution 10**

"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."

10. **PROPOSED CHANGE OF NAME OF THE COMPANY** **Special Resolution**

"THAT the name of the Company be changed from "CNI HOLDINGS BERHAD" to "CITRA NUSA HOLDINGS BERHAD" with effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission Malaysia to the Company ("Proposed Change of Name").

AND THAT the Directors and/or the Companies Secretary be and are hereby authorised and empowered to carry out all the necessary steps and formalities in effecting the Proposed Change of Name."

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
16 April 2021

Notes:

1. Registration for Remote Participation and Voting (RPV) Facilities

1.1 The Company's fully virtual 32nd AGM will be conducted online, without a physical meeting venue, Members can attend, participate and vote in the meeting remotely or online via the website at https://cni.my/agm by using the RPV facilities. The only venue involved is the Broadcast Venue where only the essential individuals are physically present to organize the fully virtual 32nd AGM.
1.2 Registration for RPV is open from the date of the Notice of the 32nd AGM on Friday, 16 April 2021 until **Monday, 10 May 2021**.
1.3 Member(s), proxy(ies) or corporate representative(s) are required to register as a user with https://cni.my/agm/register/php and then pre-register their attendance for the 32nd AGM for verification of their eligibility to attend the 32nd AGM using the RPV based on the General Meeting Record of Depositors as at **3 May 2021**.

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 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 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 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.
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 32nd 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 32nd AGM shall be deposited or submitted in hard copy in the following manner not later than Monday, **10 May 2021 at 11.00 a.m.** 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

EXPLANATORY NOTES

1. Audited Financial Statements for the financial year ended 31 December 2020

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 Resolutions 1 and 2: Re-election of Directors

Mr. Koh How Loon and Mr. Yee Kee Bing, who retire in accordance with Articles 110 and 111 of the Company's Constitution, are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 32nd AGM.

Each of the Directors 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.

Detailed profile of each Director, including their career history, competencies and experience can be found from pages 16 to 18 of the Annual Report 2020.

3. Ordinary Resolution 3: 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 4: 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 12 May 2021 until the next AGM.

5. Ordinary Resolution 5: 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 Resolutions 6 and 7: Retention of Independent Non-Executive Directors

   The Board through the Nomination and Remuneration Committee (NRC) has determined and satisfied that Mr. Lim Lean Eng and Dr. Ch'ng Huck Khoon are able to carry out their duties in a fair, impartial and conscientious manner. The Board is of the opinion that they can continue to bring independent and objective judgements to the Board. They challenge the Management in an effective and constructive manner, providing check and balance in the Board proceedings. They actively participated in the Board discussion and provided an independent voice on the Board. The Board therefore endorsed the NRC's recommendation for them to be retained as Independent Directors.

7. Ordinary Resolution 8: 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 16 July 2020 had not been utilised and hence, no proceeds were raised therefrom.

8. Ordinary Resolution 9: 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 16 April 2021 for further information.

9. Ordinary Resolution 10: 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 2020, the Company's retained profits amounted to RM19,949,014.

   Please refer to the Share Buy-Back Statement dated 16 April 2021 for further information.

10. Special Resolution 10: Proposed Change of Name of the Company

    The proposed resolution, if passed, will allow the change of name of the Company from "CNI HOLDINGS BERHAD" to "CITRA NUSA HOLDINGS BERHAD" with effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company.

    Please refer to the Circular to Shareholders dated 16 April 2021 for further information.

11. Pursuant to Section 320 of the Companies Act 2016, the Notice of the Company's 32nd AGM is also available on the Company's website at https://www.cniholdings.com.my/agm.php throughout the period beginning from the date of notice until the conclusion of the 32nd 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-Second (32nd) AGM of the Company.

Distribution Centres/Sales Points/ E-Sales Points

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email
		PERLIS	
DC	Jejawi, Arau DC	95, Lot 342, Jalan Jelawi Sematang, Taman Muhibbah Fasa 2 Jejawi, 02600 Arau.	04-9771288 / 019-4100355
		KEDAH	
DC	Alor Star DC	Lot 46, Ground Flr, Kompleks Perniagaan Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid 3, 05050 Alor Setar.	04-7720918
	Kulim DC	70, Tingkat 1, Lorong Semarak 3, Taman Semarak 09000 Kulim.	04-4951564
	Langkawi DC	87, Persiaran Mutiara Pusat Dagangan Kelana Mas, 07000 Langkawi.	04-9661348
	Sungai Petani DC	7, Lengkok Cempaka, Persiaran Cempaka, Amanjaya 08000 Sg Petani.	04-4419897 / 012-9871175 / 013-9339897
	Changlon DC	5, Pekan Changlon 2, 06010 Changlon.	04-9246923 / 012-4932758 / 019-4442758
eSP	Pendang SP	No 4, Bangunan Orkid, 06700 Pendang.	019-9189897 / 013-4239897
SP	Jitra SP	3-B Jalan 1PJ2, 06000 Jitra.	017-5239447 / 012-5815552
	Simpang Empat SP	120 Taman Desa Damai, Batu 5 Simpang Empat, 06650 Simpang Empat.	012-4902437
		PULAU PINANG	
DC	Perai DC	30, Jalan Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth.	04-3986050
	Perak Road DC	175, Perak Road, 10150 Penang.	04-2271092
eSP	Permatang Pauh	19, Lorong Cermai 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418 / 012-428641
	Bayan Lepas	119, Jalan Tun Dr Awang, Tmn Melawati, Bukit Jambul, 11900 Bayan Lepas.	04-6449637 / 019-5657126
		PERAK	
DC	Tg Malim DC	No 1, Jalan U1, Taman Universiti, 35900 Tg Malim.	05-4590029 / 4597469 (R)/ 012-5386669
	Ipoh DC	14, Jalan Ghazali Jawi, 31400 Ipoh (In front of stadium).	05-5460393 / 012-5069339
	Taiping DC	17, Jalan Wayang Gambar, 34000 Taiping.	012-5072686
	Teluk Intan DC	Lot 12650, 1st Flr, Jln Changkat Jong, 36000 Teluk Intan.	05-6217795 / 016-5510870
	Sitiawan DC	No 5 (1st Floor), Taman Sitiawan Maju 2, 32000 Sitiawan.	05-6121010
	Gunung Rapat, Ipoh DC	17, Medan Lagenda 1, Medan Lapangan Lagenda, 31350 Ipoh.	05-3111450 / 019-3262542/ 019-5208577
	Bercham DC	13, Persiaran Medan Bercham 4, Pusast Bandar Baru Bercham, 31400 Ipoh.	05-5360229

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email
		PERAK	
DC	Tapah DC	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 SP	No 28, Jln Pulai Height 4, Taman Pulai Height, 31300 Ipoh.	012-3783185
		SELANGOR	
DC	Klang HC	No 10A,Tingkat 1, Lorong Gudang Nanas 2, Off Jln Pasar, 41400 Klang.	03-33591536
	Seri Kembangan DC	No. 2E-1, Tingkat 1, Jalan Raya Dua, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan.	03-89385991
	Rawang DC	No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang.	03-60928461 / 012-3823678
	Ampang DC	1-12, Jln Dagang B/3A, Tmn Dagang, 68000 Ampang.	03-42701897 / 019-2137779
	Batu Caves DC	573, Jln Samudera Utara 1, Tmn Samudera, 68100 Batu Caves.	03-61771271
	Bangi DC	43A-1-1A, Jln Medan PB2, Seksyen 9 Medan PB2 Pusat Bdr Bangi, 43650 Bdr Baru Bangi.	03-89124172
	Petaling Jaya DC	53A, Jln SS3/29, Tmn Universiti, 47300 Petaling Jaya.	03-78650172
	Puchong DC	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
	Banting	161, Jalan Sultan Abdul Samad, 42700 Banting.	03-31872333 / 012-3027433
	Sungai Buaya	No 33, Jln Kemboja Sari 3, Bdr Sungai Buaya, 48010 Rawang.	013-4239606
SP	Teluk Panglima Garang SP	Lot 2323, Lorong Aman, Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021/ 016-3552162
	Kajang SP	No 1B-1, Jalan Reko Sentral 1, Reko Sentral, 43000 Kajang.	012-3379947
		WILAYAH PERSEKUTUAN	
DC	Setapak DC	211 A, Jalan Genting Klang, 53300 Setapak.	03-40315508
	Cheras DC	54-A, Jalan Serkut, Tmn Pertama, 56100 Cheras.	03-92814913 / 016-5267825
SP	OUG SP	57A, Jalan Hujan Emas 8, Overseas Union Garden, 58200 Kuala Lumpur.	03-79715128 / 012-2818478

Distribution Centres/Sales Points/E-Sales Points

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email
NEGERI SEMBILAN			
DC	Seremban DC	656, Jalan Haruan 4/10, Pusat Komersial Oakland, 70300 Seremban.	06-6338337
	Tampin DC	No.1052, Tingkat Atas, Jalan Perhentian Bas Pulau Sebang, 73000 Tampin.	06-4415128
	Nilai DC	PT4768, Jalan TS1/19, Taman Semarak, 71800 Nilai.	06-7940823
MELAKA			
DC	Batu Berendam DC	59, Jalan MP 18, Taman Merdeka Permai, 75350 Batu Berendam.	06-3320951
SP	Pernu SP	590-1, KM 12, Kampung Pernu, 75460 Pernu.	06-2610012 / 010-5057109
	Paya Rumput SP	No. 22, Jalan IKS PR2, IKS Paya Rumput, 76450 Paya Rumput.	06-3162001 / 011-60627528
JOHOR			
DC	Tmn Nusa Bestari DC	No-19-A Tingkat 1, Jln Nusa Bestari ¼, Tmn Nusa Bestari 79100 Iskandar Puteri, Johor.	07-5506425
	Taman Molek DC	7, Jalan Molek 2/5, Taman Molek, 81100 Johor Bahru.	07-3614075
	Muar DC	No. 3, Taman Seri Gemilang, Jalan Salleh, 84000 Muar.	06-9526590 / 019-6556563
	Kluang DC	No 13, Bwh Jalan Seri Impian 1/1, Bdr Seri Impian, 86000 Kluang.	019-9674952
	Kulai DC	14, Tingkat 1, Jalan Raya, Kulai Besar, 81000 Kulai.	07-6605027
SP	Tangkak SP	23, Kampung Baru Satu, 84900 Tangkak.	06-97820258
	Skudai SP	42, Jalan PE2/7n, Taman Pulai Mas, 81300 Skudai.	019-7173515
	Masai SP	8, Jalan Bayan 31/1, Taman Megah Ria, Masai, 81750 Johor Bahru.	017-7189463
	Segamat SP	45, Jalan Intan 2, Taman Intan Bukit Siput, 85020 Segamat.	019-6556563
KELANTAN			
DC	Kota Bharu DC	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 SP	Kg. Alor Hijau, Selising, 16810 Pasir Putih.	09-7892988 / 019-9101825
TERENGGANU			
DC	Kemaman DC	40-A, Jalan Jakar, Chukai, 24000 Kemaman.	09-8591028 / 012-9886118
	Dungun DC	229-3 (229b), Jln Yahya Ahmad, Kg Tanah Lot 23000 Dungun.	018-2954858 / 017-9787282

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email
TERENGGANU			
DC	Kuala Terengganu DC	219, Tingkat Atas, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6228351
eSP	Gong Badak	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308 / 013-9436988
PAHANG			
DC	Kuantan DC	B.58, Jalan 1 M3/10 BIM Point, Bandar Indera Mahkota, Jalan Kuantan, 25200 Kuantan.	09-5729247
	Mentakab DC	No. 16, Jalan Anggerik, 28400 Mentakab.	09-2770592
SP	Kuala Lipis SP	No 97 Tmn Permai Fasa 2, Tempoyang 27200, Kuala Lipis.	017-9830499
	Jengka SP	No 11, Kedai Pelbagai, Jengka Street, 26400 Bandar Jengka.	013-9719572 / 013-6020451
SARAWAK			
DC	Sarawak Branch	Lot 9392, Section 64, Jalan Pending Heights, 93450 Kuching.	082-340619 / 340620 / 340621
	Sibu DC	No 1, 1st Flr, Pusat Tanah Wang, Jalan Dr. Wong Soon Kai, 96000 Sibu.	084-321284
	Kuching DC	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jalan Tun Ahmad Zaidi Adruce, 93150 Kuching.	082-424313 / 019-8182623
	Bintulu DC	189, Park City Commerce Square, 97000 Bintulu.	086-310611 / 019-8151611
	Sri Aman DC	No 6, Lot 1752, Jln Hospital, 95000 Bdr. Sri Aman.	083-325313 / 019-8195313
	Petra Jaya DC	Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching.	082-428714
	Miri DC	Unit 5, Ground Floor (next to mega hotel), Soon Hup Tower, Jln Merbau, 98000 Miri.	085-424228
eSP	Sarikei 2	No 7, Jalan Bersatu, Jubli Mutiara, 96100 Sarikei.	019-8861300
	Bakam, Miri	Lot 6626, Jalan Oncidium Off Jalan Bakam, 98000 Miri.	085-324747 / 019-8848410
	Bdr Sibu	22A, Jalan Awang Ramli Amit, 96000 Sibu.	016-8004745 / 016-4787667 / 016-2014745
SP	Mukah SP	83, Newtowship, 96400 Mukah.	084-871867 / 013-8063268
	Bau SP	1, Tingkat 1, Market Serbaguna, Majlis Daerah Bau, 94000 Bau.	013 -8099005
	Sarikei SP	No 20 Jalan Bawal, Lorong 4C, 96100 Sarikei.	084-644566 / 019-8178229
	Serian SP	No 1 Serian Bazaar, 94700 Serian.	014-8811112

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email
		SABAH	
DC	Sabah Branch	Lot 121, Block N-5, Ground & 1st Floor, Lorong Plaza Permai 3, Jln Sulaman Highway, 88450 Kota Kinabalu.	088-281899 / 088-282899
	Keningau DC	Lot 18, Tkt 2 Ribumi Complex, Jln Masak, Keningau 89000.	013-8658865
	Kota Kinabalu DC	1.25,1st Floor,asia City Complex, Pusat Bandar Kota Kinabalu, 88000 Kota Kinabalu.	088-484968 / 013-8604168
	Tawau DC	TB999, Jalan Utara, 91000 Tawau.	089-768154 / 014-8617839 / 019-8216260
	Sandakan DC	Lot 52 (Tingkat 1), Bdr Prima Batu 4, Jalan Utara, 90000 Sandakan.	089-224868 / 089-463104 / 011-64866586
SP	Lahad Datu SP	Lot.56, MDLD 0813 Raya 3, Public Villa Jalan Segama, 91110 Lahad Datu.	014-3580166
	Tambunan SP	Peti Surat 14, Pekan Tambunan, Tambunan 89657.	017-8360146
		BRUNEI	
DC	Brunei Branch CNI Enterprise (M) SDN BHD	Simpang 88 Unit No.9, Block B, Bangunan Begawan Pehin Hj. Md. Yusof, Kampung Kiulap BE1518 Negara Darussalam.	00673-2-37293 e-mail: fce212@bruneat.bn

CNI HOLDINGS BERHAD
198901004452 (181758-A)

Form Of Proxy

Number of ordinary shares held	CDS Account No

I/We .... NRIC/Co. No. ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

Tel No. .... being a member of **CNI HOLDINGS BERHAD**, hereby appoint ....

.... NRIC No. ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

*and/or, ... NRIC 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 Second Annual General Meeting ("32nd AGM") of the Company to be held fully virtual at 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 Tuesday, 11 May 2021 at 11.00 a.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of 32nd AGM. My/our proxy is to vote as indicated below:

		FOR	AGAINST
Ordinary Business			
Ordinary Resolution 1	To re-elect Mr Koh How Loon as Director of the Company		
Ordinary Resolution 2	To re-elect Mr. Yee Kee Bing as Director of the Company		
Ordinary Resolution 3	To approve the payment of Directors' Fees		
Ordinary Resolution 4	To approve the payment of Benefits Payable to the Non-Executive Directors		
Ordinary Resolution 5	To re-appoint Moore Stephens Associates PLT as Auditors and to authorise the Directors to determine their remuneration		
Special Business			
Ordinary Resolution 6	To retain Mr. Lim Lean Eng as Independent Non-Executive Director		
Ordinary Resolution 7	To retain Dr. Ch'ng Huck Khoon as Independent Non-Executive Director		
Ordinary Resolution 8	To authorise the Directors to Issue Shares		
Ordinary Resolution 9	To approve the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinaryesolution 10	To approve the Proposed Renewal of Share Buy-Back Authority		
Special Resolution	To approve the Proposed Change of Name of the Company		

(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 2021

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 32nd 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 32nd AGM shall be deposited or submitted in hard copy in the following manner not later than **Monday, 10 May 2021 at 11.00 a.m**. 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 32nd 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 **3 May 2021 ("General Meeting ROD")**. Only a Shareholder whose name appears on the ROD as at 3 May 2021 shall be entitled to attend the AGM virtually or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
CNI HOLDINGS BERHAD
Wisma CNI, No.2, Jalan Perunding U1/17
Hicom-Glenmarie Industrial Park
Seksyen U1, 40150 Shah Alam
Selangor Darul Ehsan Malaysia.

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CNI HOLDINGS BERHAD
198901004452 (181758-A)

Wisma CNI, No. 2, Jalan Perunding U1/17,
Hicom Glenmarie Industrial Park,
Seksyen U1,40150 Shah Alam
Selangor, Malaysia.

Tel: 03-5569 4000
Fax: 03-5569 3308

Email: info@cniholdings.com.my
www.cniholdings.com.my