

# BUILDING PEOPLE

2007

ANNUAL REPORT



CNI HOLDINGS BERHAD (181758-A)



## BUILDING PEOPLE

Great oaks have been little acorns. Similarly, CNI has accomplished much in the past 18 years and our growth resides upon our most basic asset - our people.

This year's theme is a further instalment to last year's "People To People" keynote, as we believe that people are the foundation on which CNI's business is built upon.

Building people is a natural selection as it moulds our human resource to reach for greater heights while ensuring perpetual growth that withstands the constant winds of change in the business environment.

CNI is here to stay and we take our people seriously.



#### **OUR VISION**

**We aspire to be the most dynamic, innovative and caring network marketing company in the country.**

#### **OUR MISSION**

**We are committed to provide quality products and services, and help enrich the life and welfare of every CNI member.**

#### **OUR PHILOSOPHY**

**We are more than just a business. We strongly believe that every individual has the opportunity to attain a better quality of life and health through CNI.**

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AWARDS & RECOGNITION

25/8/2007



**Gerak Usahawan Nasional 2007**

Ministry of Entrepreneur And Co-operative Development awarded special Certificate of Appreciation to CNI for providing business opportunities and actively nurturing Bumiputera entrepreneurs.

23/7/2007



**CNI As Case Study By Peking University**

Our outstanding Management and achievements in East Asia attracted Zheng Yue Yi and other academics from the Economic Faculty, Peking University. The case study was published in a book titled "Oriental Direct Selling".



26/01/2007



**Exclusive Mark & Q-Pack Accredited ISO 14001 & OHSAS**

Exclusive Mark and Q-Pack are certified with the ISO14001:2004 Environmental Management System and the OHSAS 18001:1999 Occupational, Health and Safety Management System by Sci-Qual International of Australia.

## FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER

<b>Performance (RM'000)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Revenue	180,122	204,006	234,223
Profit Before Taxation	27,652	34,969	42,042
Attributable Profit	20,811	25,359	30,245
<b>Key Balance Sheet Data (RM'000)</b>			
Share Capital	72,000	72,000	60,000
Shareholders' Equity	100,944	93,467	82,853
Total Assets	98,373	144,708	126,056
Borrowings	206	684	5,870
<b>Financial Ratios</b>			
Net Earnings Per Share ("EPS") (sen) *	2.90	3.52	4.20
Net Dividend Per Share (sen)	1.62	2.18	2.88
Net Assets Per Share ("APS") (sen) *	14.05	12.99	11.51
Gearing Ratio (%)	0.2%	0.7%	6.6%

\* EPS and APS were calculated based on the weighted average number of ordinary share in issue of 718,725,000, 719,782,339 and 720,000,000 for the financial years 2007, 2006 and 2005 respectively.

## CORPORATE **PROFILE**

CNI Holdings Berhad is principally an investment holding company and provides management services to its subsidiaries.

<b>CNI Holdings Berhad</b>	Investment holding and provision of management services
<b>CNI Enterprise (M) Sdn Bhd</b> ("CNIE")	Multilevel marketing of health care and consumer products
<b>Exclusive Mark (M) Sdn Bhd</b> (“Exclusive Mark”)	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages
<b>Q-Pack (M) Sdn Bhd</b> (“Q-Pack”)	Manufacturing, trading and packaging of household and personal care products
<b>Creative Network International (S) Pte Ltd</b> (Subsidiary of CNIE)	Multilevel marketing of health care and consumer products in Singapore
<b>Key Elite Sdn Bhd</b>	e-commerce in all kinds of commercial trading
<b>Infuso Sdn Bhd</b> (Formerly known as Famous Paradise Sdn Bhd)	Operation of food and beverage outlets (Pick n’ Brew Café)

One of the leading multilevel marketing companies in Malaysia, CNI has established its footholds since 1989.

Proud to be Malaysian-made, CNI was incorporated under the name of Homca Chemical Sdn Bhd. It then changed its name to Forever Young Holdings Sdn Bhd in 1991. As part of a corporate restructuring exercise in 2002, it changed its name to CNI Holdings Sdn Bhd before assuming its present name, CNI Holdings Berhad, in 2004. In August 2005, CNI was listed on the Main Board of Bursa Malaysia Securities Berhad.

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 approximately 16,314 square metres, CNI has grown steadily and consistently.

Under their stewardship, the company ventured into Brunei and Singapore besides aggressively building its network locally. The distribution centres numbered at 63 and its sales points amounts to 98.

Moving well ahead, the Group has also expanded into manufacturing. Now, 70% of CNI products are manufactured through its wholly-owned subsidiaries namely Exclusive Mark and Q-Pack.

Believing in building people, CNI has the products to achieve its corporate mission of providing quality products and services to assist in enriching the lives and welfare of each CNI member. Over 200 products under 5 categories such as nutritional and health, personal care and cosmetics, food and beverage, auto care and lastly, home care, are available to equip its people to progress ahead in life.

Upholding its vision to be the most innovative, dynamic and caring network marketing company in the country, CNI also cares for the environment and the community at large besides advocating good practices.

Exclusive Mark and Q-Pack are equipped with Halal compliance facilities and have been accredited with GMP (Good Manufacturing Practice) standards, Quality Management System (ISO 9001:2000), Food Safety System (HACCP), Environmental Management System (ISO 14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:1999) certifications. CNI has also been investing in research and development (R&D) and has collaboration with various laboratories and research institutions to further innovate and improve CNI products.

Yayasan CNI, CNI Group’s charity arm, has supported various local and international charity projects besides carrying out its own. 50,000 children has also benefited from its Children Education Fund.

As CNI group moves forward with time, it will continue to enrich its members through healthy living with its Ants’ values – Caring, Positive, Initiative, Humble, Creative, Communicative, Teamwork, Discipline, Commitment and Productive.



## CORPORATE CALENDAR

18/1/2007



### Love Aid To Johor's Flood Victims

CNI Group and Yayasan CNI continuously show their dedication to charitable causes and this time it is in aid of Johor's flood victims. The donation of food and daily necessities worth RM50,000 was presented by Y. Bhg. Datin Chuah Tek Lan, President of Yayasan CNI to Y.B. Datin Paduka Chew Mei Fun, Parliamentary Secretary, Ministry of Women, Family and Community Development.



28/2/2007



### CNI Focus on HALAL Standard

CNI has been chosen as the subject of study by the Malaysia Islamic Training Institute for its firm practice in adhering to the HALAL management requirements in manufacturing of HALAL food and daily necessities. The program includes a visit to Wisma CNI, Exclusive Mark and Q-Pack by officers from JAKIM and KPDM.

6

6/5/2007



### First Tamil Convention

The first Tamil-speaking Convention attracted over 3,000 distributors to Stadium Juara to celebrate the event and the first Indian MDAM, Selvam Ganappatti. Also present was Deputy Minister of the Ministry of Domestic Trade and Consumer Affairs Dato' S. Veerasingam to officiate the occasion.

28 - 31/5/2007



### BeeMax Expedition Recreating Awareness Of Royal Jelly

CNI Expedition consisted of CNI MDAMs and media reps from Berita Minggu, Utusan Malaysia, Sin Chew Daily, Wanita and The Edge went to Shandong, China in May 2007. It received an extensive media coverage, thus eternalising the popularity of Royal Jelly.

21/6/2007



### myCNI Marks New Era Of e-MLM

www.myCNI.com.my is CNI's strategy to explore the young generation market. It offers online shopping convenience and online membership sign up. myCNI is also an e-portal for distributors to check their membership information, request for online services and to download relevant information.



## CORPORATE CALENDAR

29/7/2007



### Together With CNI, We Strive

Our 18th Anniversary was celebrated at major towns in Malaysia. New MDAMs, the 3rd House Incentive Fund achiever and the 4th MDRT achiever were evidence of CNI's leaders' steely spirit.

5/10/2007



### Two Homes Celebrated In Ramadan

Upholding the annual tradition during Ramadan in CNI, Rumah Titian Kasih and Pusat Perlindungan PERNIM were invited to break the Ramadan fast at Wisma CNI. About 80 orphans and single mothers present were also entertained by local artists and received cash contribution and Raya goodies from Yayasan CNI and CNI.

5/11/2007



### CNI Expands Into Retail F&B

Under a wholly-owned subsidiary, Infuso Sdn. Bhd. CNI has started a new business concentrating on its strength in coffee products and innovation. The first Pick n' Brew cafe started operation at Wisma CNI and more are in store.

30/11-2/12/2007



### CNI Women On The Move Going Strong

The campaign triggered extensive Home Sharings and product talks across Malaysia. A special seminar was also held at Pearl International Hotel. It provides opportunities for more women distributors to unveil their potential, enhance confidence and become a successful entrepreneur.

28/12/2007



### OObey.com Celebrates 1st Anniversary

OObey.com operating under Key Elite Sdn. Bhd., a subsidiary of CNI's e-commerce business, celebrated its 1st anniversary. The business is targeted at teenagers and young professionals and has gradually attracted internet users from Singapore, Thailand, Vietnam, the Middle East and the United States of America.



### CNI WaterLife System Penetrates Over 20,000 Household

CNI WaterLife System brings health to thousands of families in Malaysia and helps many distributors to excel.

## CHAIRMAN'S STATEMENTS

### DEAR ESTEEMED STAKEHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report of CNI for the financial year ended 31 December 2007.

Looking back on 2007, our Group has weathered a number of challenges. These internal and external factors may have put a few dents unto our plans but I am proud to say that these have made us stronger and all the more determined in our quest to be the most dynamic, innovative and caring network marketing company in the country, if not the region.

We were able to rise from the difficulties especially in our core business which is the direct selling business. What we have learnt throughout this process will keep us steadfast in meeting future challenges

Externally, the rising prices of commodities especially fuel and consumer products have dampened the global and local markets. The chain-event had made it even more challenging on the Group to maintain a steady level of trade across the board on all our products and services.

Besides the global economic white waters, certain unscrupulous schemes had surfaced in the country and tarnished the direct selling industry. Managing such perceptions has made it doubly hard and tough for our sales force.

Even with such disruptions, the Group has satisfactorily prevailed on the whole as we continue to maintain our focus and direction. Moving forward, we will concentrate on our strengths and uphold to our true CNI culture as we continue to build people and be responsibly committed to all our stakeholders.

### FINANCIAL PERFORMANCE

CNI Group recorded a consolidated turnover of RM180 million in 2007, which was a fall of about 12% as compared to 2006 of RM204 million.

Our Group registered a profit before tax of RM27.69 million and after tax of RM20.85 million. Comparatively, the former is lower by 29% and the latter declined by 18% as to last year's figures.

The financial performance of the Group was expected as we continue to carry on, the Group will invest in promoting healthy and ethical sales practices as in-line with our training and development programmes which are elaborated further in the Operational Review.

We hope to stabilise our turnover, if not a growth next year as we strategically plan out our course of action to improve our performance. One of the imperative areas of course, would be our sales remuneration structure in the MLM business.

CHAIRMAN'S **STATEMENTS**

Moving forward, we will concentrate on our strengths and uphold to our true CNI culture as we continue to build people and be responsibly committed to all our stakeholders.



## CHAIRMAN'S STATEMENTS



### DIVIDEND

The CNI philosophy has always been simple for all our shareholders, in terms of dividends – if we have it, we share it.

Thus, a total gross interim dividend of 2.2 sen per share with a total amount of RM11.6 million (net of tax) was paid out to all the shareholders for the year under review.

This figure translated to a dividend yield of 5.8% (based on the closing market share price as at 31 December 2007) which enforced further our Group's commitment to all our shareholders for their unrelenting support and loyalty.

Last year, we posted a total gross interim dividend of 3 sen per share with a total payout of RM15.7 million net of tax.

### OPERATIONAL REVIEW

#### Multilevel Marketing (MLM)

The direct selling business is still the main source of revenue in the Group and accounts for almost 88% of the turnover.

The food and beverage category continued to be the centre of sales. It generated about 42% of the Group's revenue and the in-demand products were the CNI Tongkat Ali Ginseng Coffee and the CNI Café.

Sales has been encouraging for the new CNI WaterLife product, a 7-filter water treatment system which saw it being sold over 25,000 units till to-date after its launch early year 2006. More than 20,000 households in Malaysia are currently using our CNI WaterLife System.

Health and wellness being the major issues in today's lifestyle have brought a positive growth in our nutritional and healthcare line as more and more people are becoming aware of its benefits. Our CNI Life Enzyme, CNI Organik and CNI Lyophilized Royal Jelly products are amongst the favourites in a number of our market segments.

Simultaneously, having noted that women are the force behind many successes and that they make better sales personnel, the Group put into place a development plan by launching the Women On The Move campaign and road shows mid-2007.

Never the one to sideline education, we continued our introduction of the current Business Education System (BES). It is an integrated new training technique emphasising on quality networking en route to being a successful independent distributor. The Group is indeed proud to say that the response have been very encouraging as our existing distributors took it as a refresher course and the new distributors found it helpful in familiarising and establishing themselves in the direct selling industry.



## CHAIRMAN'S STATEMENTS



While ensuring our distributors are being kept well-informed, we did not neglect their achievements and efforts. We celebrated our 18th anniversary in an unconventional way by bridging the gap. We brought it closer by covering 8 regions; trekking from Alor Star, Ipoh, Johor Bahru, Kuantan, Kota Bahru, Kuala Lumpur, Kuching and Kota Kinabalu.

The year 2007 also saw the first-ever Tamil convention with more than 3,000 attendees at Stadium Juara, Kuala Lumpur and the first Indian MDAM being recognised. This brought the total number of Million Diamond Agency Managers (MDAM) to 50 with 5 new members. There were also 22 new Car Fund Achievers being installed during the year. Currently, CNI has 63 distribution centres and 98 sales points in Malaysia.

Clearly, the premeditated plans encompassing training and developments that the Group has put in place are progressing well. The result speaks for itself.

### **Manufacturing**

In our manufacturing operations, we have been progressing steadily with an encouraging 5% revenue growth. Keeping priorities in check, the Group focused on establishing stringent quality control and product safety while maintaining international standards.

Initiation to obtain the ISO 17025:2005 certification in competency testing and calibration laboratories was carried out during the third quarter of 2007. The purpose is to enable the factory's laboratory to perform tests in the fields of chemical and microbiology.

We have also invested further in research and development (R&D) and have had collaborations with research institutions including Universiti Teknologi MARA (UiTM).

Such alliances with various laboratories and research institutions will carry on as the Group is committed to improvements and innovations especially in keeping abreast with consumers' discerning taste and sophistication.

### **Retail – Food & Beverage**

In realising CNI's strength in coffee products and its R&D innovations, the Group has extended its wings into retail, namely the food and beverage business under a wholly-owned subsidiary, Infuso Sdn Bhd. (formerly known as Famous Paradise Sdn Bhd).

Situated at the Ground Floor of Wisma CNI, the first Pick n' Brew café opened its door November 2007 with an initial investment of RM600,000. Occupying a space of 2,467 sq feet, the café is able to seat 64 patrons.

Focusing on the young professionals and office crowd, it will concentrate on fine food and coffee. The concept of our Pick n' Brew café is to cultivate a chic yet healthy lifestyle.

Further development and expansion including adding new outlets in certain shopping centres in the Klang Valley are being worked out.

## CHAIRMAN'S STATEMENTS



### E-Commerce

Keeping up with the changes in technology and the lifestyle trends of the global community, CNI had embarked into the e-commerce business since late 2006.

After one year in operation, www.OObey.com which is a one-stop gift shopping portal under Key Elite Sdn. Bhd. has shown growth and progress in terms of customer retention and increase in traffic.

Targeting teenagers and young professionals, it has gradually attracted internet users from Singapore, Thailand, Vietnam, Middle East and United States of America.

Furthermore, our new e-commerce portal www.myCNI.com.my was launched on 21 June 2007 to facilitate the changes and trends of the global business environment as well as to reach out to the internet-savvy.

The e-services offered on-line principally for the distributors were well accepted. This has eased the workflow and reduced much hassle for our distributors as they are now able to check their status and information at their convenience anytime, anywhere.

The Group expects that this platform will continue to enhance its overall service and efficiency level, whilst providing more opportunities for its business partners to achieve higher success.

### Awards and Recognition

During the year, CNI was honoured with a Certificate of Appreciation for providing business opportunities and actively nurturing Bumiputra entrepreneurs by the Ministry of Entrepreneur and Co-operative Development, Malaysia. The award was presented by the Prime Minister of Malaysia, Dato' Seri Abdullah Ahmad Badawi.

CNI was also chosen as a case study by the Economic Faculty of Peking University, China in July 2007 for their purpose of understanding the direct selling industry. It came to our understanding that CNI was found to be one of the few established and well-managed direct selling companies in Asia according to their research. This was evident when Peking University published a book entitled 'Oriental Direct Selling' later on.

Striving for excellence, the Group's manufacturing operations have also attained accreditation of the Environmental Management System (ISO14001:2004) and Occupational Health & Safety Management System (OHSAS18001:1999) in 2007.

### Future Development

Financial year 2008 will be one that is faced with uncertainty. Global financial pandemonium arising from the US sub-prime mortgage crisis coupled with high crude oil prices will continue to adversely impact CNI's operations. The management team acknowledges the need to be cautious of weaker consumer spending and higher raw materials costs.

## CHAIRMAN'S STATEMENTS

The Group's management resources will be focused on developing new products whilst simultaneously containing costs at a reasonable level and improving its efficiency in anticipation of rising inflation in 2008. Improvement of facilities and services as well as margin enhancements will remain as the primary thrust in keeping CNI as one of the leading direct selling companies in Malaysia.

According to the Domestic Trade & Consumer Affairs Ministry, the direct selling industry reported a growth of 6%, up from RM6.6 billion in 2005 to RM8 billion. The number of new entrants for 2006 in the country was 71, bringing the total number of companies with direct selling licences to more than 600.

The prospect for CNI is good for the coming year even though we are faced with a very competitive market that consistently churns out a number of new market players. We believe that our fundamentals are still strong and we will be able ride with the tide.

While we strengthen our sales force with in-depth product knowledge and constant training in accordance to our CNI values and ethical sales practices, the Group has had to examine the prospect of growing its distributors' base.

A lot of effort and research have gone into exploring the possibility of increasing the numbers and hopefully, we will be able to roll out a unique entrepreneurs' programme by the second quarter 2008.

Another aspect would be redesigning and revamping the distributors' sales remuneration structure. The initial process is underway and the Group believes that with the new structure which is expected to be implemented next year, it will be accepted by all and attract new distributors.

Besides looking out to add new products, we believe in enhancing the existing products by upgrading the technology and improving its quality. Joining forces with other research facilities, we will also look into improving taste, packaging, tools and aids of all the product ranges.

Expansion of the retail business with additional outlets, plus prospective partnerships and franchising will be part of the Group's strategic plans as we move with the times.

Improving the e-services of the e-commerce business will be a major factor in setting up a new framework and structure to synchronise and support the Group's business. Realistically, it will take time and more research has to be done before the platform could take off.

On the course of building CNI brand and presence locally and regionally, the Group will concentrate on establishing and positioning CNI as one of the bigger MLM players in the industry. Tactical preparation and allotment of the marketing budget will be charted out to ensure the Group's direction and business focus will not be in vain.

### **Acknowledgement**

As we move ahead, I would like to express my gratitude to the management team, employees, distributors and all our stakeholders for their work dedication and enduring commitment to the Group.

Also, my grateful thanks to my colleagues on the Board for their active participation, contribution and guidance provided during the year.

It is indeed very heartening to have each and every one supporting one another as the Group continues to progress and journey through another year.

DATO' KOH PENG CHOR  
Group Executive Chairman and CEO  
8 May 2008

## GROUP STRUCTURE

### CNI HOLDINGS BERHAD



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graph TD; CNI[CNI HOLDINGS BERHAD] --- CNI100[CNI ENTERPRISE (M) SDN BHD]; CNI --- CNI100_2[CREATIVE NETWORK INTERNATIONAL (S) PTE LTD]; CNI --- CNI100_3[EXCLUSIVE MARK (M) SDN BHD]; CNI --- CNI100_4[Q-PACK (M) SDN BHD]; CNI --- CNI100_5[INFUSO SDN BHD (FORMERLY KNOWN AS FAMOUS PARADISE SDN BHD)];
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**100%**

**CNI ENTERPRISE (M)  
SDN BHD**

**100%**

**CREATIVE NETWORK  
INTERNATIONAL (S)  
PTE LTD**

**100%**

**EXCLUSIVE MARK (M)  
SDN BHD**

**100%**

**Q-PACK (M) SDN BHD**

**100%**

**KEY ELITE SDN BHD**

**100%**

**INFUSO SDN BHD**  
(FORMERLY KNOWN AS  
FAMOUS PARADISE SDN BHD)



## CORPORATE **INFOMATION**

### BOARD OF DIRECTORS

Dato' Koh Peng Chor  
Group Executive Chairman and CEO

Tan Sia Swee  
Executive Director

Law Yang Ket  
Executive Director

Cheong Chin Tai  
Executive Director

Chew Boon Swee  
Executive Director

Zulkifli Bin Mohamad Razali  
Independent Non-Executive Director

Thiang Kai Goh  
Independent Non-Executive Director

Aggie Chew Poh Lian  
Independent Non-Executive Director

Lim Lean Eng  
Non-Independent Non-Executive Director  
(Appointed w.e.f. 16 November 2007)

### AUDIT COMMITTEE

Thiang Kai Goh (Chairman)

Dato' Koh Peng Chor  
(Resigned w.e.f. 26 November 07)

Zulkifli Bin Mohamad Razali

Lim Lean Eng  
(Appointed w.e.f 16 November 2007)

### NOMINATION COMMITTEE

Zulkifli Bin Mohamad Razali (Chairman)

Thiang Kai Goh

Aggie Chew Poh Lian

Lim Lean Eng  
(Appointed w.e.f 16 November 2007)

### REMUNERATION COMMITTEE

Dato' Koh Peng Chor (Chairman)

Chew Boon Swee

Thiang Kai Goh

Aggie Chew Poh Lian

Zulkifli Bin Mohamad Razali

### COMPANY SECRETARIES

Lim Ming Toong (MAICSA 7000281)

Chin Yoke Kwai (MAICSA 7032000)

### AUDITORS

Messrs Moore Stephens  
Chartered Accountants  
No. 8A, Jalan Sri Semantan Satu  
Damansara Heights  
50490 Kuala Lumpur

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Wisma CNI, 2 Jalan U1/17, Seksyen U1  
Hicom-Glenmarie Industrial Park  
40000 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5569 4000  
Fax : 03-5569 1079, 5569 1080  
E-mail: info@cniholdings.com.my  
Website: www.cniholdings.com.my

### SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 26, Menara Multi-Purpose Capital Square  
No. 8 Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: 03-2721 2222  
Fax : 03-2721 2530, 2721 2531  
E-mail: mc.yong@symphony.com.my

### PRINCIPAL BANKERS

Malayan Banking Berhad  
(Shah Alam Branch)

Alliance Bank Malaysia Berhad

### SOLICITORS

Messrs Ong & Kok

### STOCK EXCHANGE LISTING

Main Board of  
Bursa Malaysia Securities Berhad  
(Listed since 4 August 2005)

BOARD OF **DIRECTORS**

DATO' KOH PENG CHOR  
Group Executive Chairman  
and Chief Executive Officer

LAW YANG KET  
Executive Director



TAN SIA SWEE  
Executive Director

CHEONG CHIN TAI  
Executive Director

CHEW BOON SWEE  
Executive Director



THIANG KAI GOH  
Independent Non-Executive Director



LIM LEAN ENG  
Non-Independent  
Non-Executive Director



ZULKIFLI BIN  
MOHAMAD RAZALI  
Independent Non-Executive Director

AGGIE CHEW POH LIAN  
Independent Non-Executive Director

## BOARD OF **DIRECTORS**

**DATO' KOH PENG CHOR**  
Group Executive Chairman and  
Chief Executive Officer

Dato' Koh Peng Chor, a Malaysian, aged 56, was appointed to the Board of CNI Holdings Berhad ("CNI") on 11 December 1990. He also serves as the Chairman of Executive Management Committee, Remuneration Committee and Employee Equity Scheme Committee.

He received the Honorary Doctor of Philosophy in Multilevel Marketing by Summit University, USA in 1999 and has been a Fellow Member of the Institute of Marketing, Malaysia since 1997. As the main founder, he has been instrumental in the development and growth of the Company. His current responsibilities include overall management and development of the strategic direction of the Group.

Dato' Koh Peng Chor is a major shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Dato' Koh Peng Chor attended all the six Board meetings which were held during the financial year ended 31 December 2007.

**TAN SIA SWEE**  
Executive Director

Tan Sia Swee, a Malaysian, aged 48, was appointed to the Board of CNI on 11 December 1990. He also serves as a member of the Executive Management Committee and Employee Equity Scheme Committee.

He graduated with a Diploma in Malay Studies from Southern College of Johor Bahru in 1982. He started his career in 1983 as an Executive Secretary at The Federation of Selangor Guilds & Association in Kuala Lumpur where he was responsible for its secretarial matters. He left the association in 1985 and subsequently joined Win Win (M) Sdn Bhd as a distributor. In 1986, he left Win Win (M) Sdn Bhd and co-founded CNI. His current responsibilities include overseeing the Group's corporate communication.

Tan Sia Swee is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Tan Sia Swee attended five out of six Board meetings which were held during the financial year ended 31 December 2007.



## BOARD OF DIRECTORS

**LAW YANG KET**  
Executive Director

Law Yang Ket, a Malaysian, aged 48, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Executive Management Committee and Employee Equity Scheme Committee.

He graduated with a Bachelor of Education Degree from the National Taiwan Normal University in Taipei in 1983. In 1985, he joined the Malaysia Chinese Association, MCA Youth Johor branch as Executive Secretary. Subsequently in 1987, he took up the position of Consultant at Dynamic Leadership Development Consultancy. He co-founded CNI and currently overseeing trade purchasing and supplier relationships. He also acts as a key advisor on distributor management, sales development and marketing matters, among others.

Law Yang Ket is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Law Yang Ket attended all the six Board meetings which were held during the financial year ended 31 December 2007.

**CHEONG CHIN TAI**  
Executive Director

Cheong Chin Tai, a Malaysian, aged 46, was appointed to the Board of CNI on 18 September 2003. He also serves as the Chairman of Risk Management Committee and is a member of the Executive Management Committee and Employee Equity Scheme Committee.

He graduated with a Bachelor of Science Degree from the University of Manitoba, Canada in 1987. In 2001, he obtained his Masters of Business Administration from the University of Illinois, USA. He is a board member of the Direct Selling Association of Malaysia. He is a member of the Malaysian Institute of Management since 2001. He started his career in 1988 as a Marketing Executive at Direct Circle Corporation. He left in 1990 to join Aetna Insurance Bhd, as a Branch Officer and later left to join Luxome Marketing Sdn Bhd as Executive Director in 1992. In 1993, he was offered the position of Executive Director of CNI Hong Kong Ltd. He returned from Hong Kong and took on the position of Operations Director in 2001 before assuming his current position as CEO of CNI Enterprise (M) Sdn Bhd in 2005.

Cheong Chin Tai is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Cheong Chin Tai attended all the six Board meetings which were held during the financial year ended 31 December 2007.

**CHEW BOON SWEE**  
Executive Director

Chew Boon Swee, a Malaysian, aged 48, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Executive Management Committee, Remuneration Committee and Employee Equity Scheme Committee.

He graduated with a Bachelor of Science from the National Taiwan Chung Hsing University in 1983. He is a professional member of the Malaysian Institute of Food Technologist and an international member of the Institute of Food Technologist. In 1984, he joined Empire Food Industries Sdn Bhd as a Production Executive. He left to take up the position as Production, Research & Development Executive with Fortune Lab (M) Sdn. Bhd. He left Fortune Lab (M) Sdn Bhd to assume the position as Managing Director of Exclusive Mark (M) Sdn. Bhd. ("EM") in 1991 and Q-Pack (M) Sdn. Bhd. ("Q-Pack.") in 1994. He is credited for setting up the GMP, ISO and HACCP accredited manufacturing operations of EM and Q-Pack. He assumed his current position as CEO of EM and Q-Pack in 2005. His current responsibilities include overall management for both manufacturing operations.

Chew Boon Swee is a shareholder of the Company. He does not have any family relationship with any Director and or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Chew Boon Swee attended all the six Board meetings which were held during the financial year ended 31 December 2007.

## BOARD OF **DIRECTORS**

ZULKIFILI BIN MOHAMAD RAZALI  
Independent Non-Executive Director

Zulkifli Bin Mohamad Razali, a Malaysian, aged 48, was appointed to the Board of Directors of CNI on 3 May 2005. He also serves as the Chairman of Nomination Committee and is a member of the Audit Committee and Remuneration Committee.

He graduated with a Bachelor of Arts in Accountancy Studies from Huddersfield University, United Kingdom in 1983. He obtained his post-graduate Diploma in Management Studies from Warwick University and Master of Science in International Economics & Banking from University of Wales, both in the United Kingdom in 1985 and 1988 respectively. In 1988, he joined Commerce International Merchant Bankers ("CIMB"), Corporate Advisory Department, which handles corporate exercises for listed and non-listed local and multinational companies. Upon leaving CIMB in 1993, he was appointed as Managing Director of Marzin Transport Sdn Bhd. In 1997, he left Marzin Transport Sdn Bhd to assume the position as Managing Director of Marzin Sdn Bhd.

Zulkifli Bin Mohamad Razali is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Zulkifli Bin Mohamad Razali attended all the six Board meetings which were held during the financial year ended 31 December 2007.

THIANG KAI GOH  
Independent Non-Executive Director

Thiang Kai Goh, a Malaysian, aged 59, was appointed to the Board of CNI on 3 May 2005. He also serves as the Chairman of Audit Committee and is a member of the Remuneration Committee and Nomination Committee.

He is a Fellow Member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Taxation. He is also a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is the Senior Partner of Thiang & Company, Chartered Accountants. He has other business interest and holds directorship in some private limited companies, including a listed company in Australia.

Thiang Kai Goh is not a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Thiang Kai Goh attended all the six Board meetings which were held during the financial year ended 31 December 2007.

## BOARD OF **DIRECTORS**

### AGGIE CHEW POH LIAN

Independent Non-Executive Director

Aggie Chew Poh Lian, a Malaysian, aged 42, was appointed to the Board of CNI on 3 May 2005. She also serves as a member of the Remuneration Committee and Nomination Committee.

She graduated with a Bachelor of Laws from the Australian National University in Canberra, Australia in 1988. She was admitted to the Malaysian bar in November 1989 and worked as a legal assistant in Messrs Cheang & Ariff for 4 years before becoming a Senior Executive Officer in the Take-overs and Mergers Department in the Securities Commission. She returned to legal practice after 2 years. In 1998, she joined the Malaysian Exchange of Securities Dealings and Automated Quotations Berhad ("MESDAQ") as a Senior Vice President within the Listing Department. She left MESDAQ in November 2000 and has since ceased working full-time.

Aggie Chew Poh Lian is not a shareholder of the Company. She does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She has had no conviction for any offence within the past 10 years.

Aggie Chew Poh Lian attended all the six Board meetings which were held during the financial year ended 31 December 2007.

### LIM LEAN ENG

Non-Independent Non-Executive Director

Lim Lean Eng, a Malaysian, aged 41, was appointed to the Board of CNI on 16 November 2007. He also serves as a member of Audit Committee and Nomination Committee.

He graduated with a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur in 1991. He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. In 1995, he joined Oriental Capital Assurance Berhad and then was appointed as a Manager, Accounts & Finance until June 2005. He then joined PC Marketing Sdn Bhd as an Investment and Property Manager in July 2005. Subsequently, he left PC Marketing Sdn Bhd in October 2007. He currently is a Director of Daden Culture (M) Sdn. Bhd.

Lim Lean Eng is a shareholder of the Company. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has had no conviction for any offence within the past 10 years.

Lim Lean Eng attended the one Board meeting, which was held during his tenure as Director in 2007.

## STATEMENT ON **CORPORATE GOVERNANCE**

### INTRODUCTION

The Board of Directors ("Board") of CNI Holdings Berhad recognises the importance and commits to the Principles and Best Practices of the Malaysian Code on Corporate Governance ("Code") pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is committed in ensuring that a high standard of corporate governance is adopted and practised throughout the Group in protecting and enhancing shareholders' value and in improving the Group's financial performance.

The statement in the ensuing paragraphs describes how the Group has applied the principles and best practices of the Code in 2007.

### 1. THE BOARD OF DIRECTORS

#### **a) Roles and Principal Duties**

The Board takes full responsibility for the overall performance of the Company and of the Group. The Board establishes the vision and strategic objectives of the Group, directing policies, strategic action plans and stewardship of the Group's resources towards achieving the Group's annual budgets as well as ensuring a continuous and sustainable growth for the interests of all its stakeholders, that is the Group's shareholders, investors, customers, business associates and the general public. It focuses on strategies, financial performance, critical and material business issues and specific areas such as principal risks and their management, internal controls, succession planning for senior management, investor relations programme and shareholders' communication policy.

The executive directors take on primary responsibility for managing the Group's business and resources. Their intimate knowledge of the business and their "hands-on" management practices has led the Group to establish its current position in the market.

The non-executive directors are actively involved in a number of Board committees and contribute significantly to areas such as enhancing corporate governance and controls. They bring independent judgment on issues of strategy, business performance, resources and standards of conduct. They also provide independent and constructive views in ensuring that the strategies proposed by the management are fully studied and deliberated in the interest of the Group and also all stakeholders.

The Board consists of members who provide an effective blend of entrepreneurship, business and professional expertise in multilevel marketing, manufacturing, accounting, financial, law and technical areas the Group is involved in.

#### **b) Board Composition and Balance**

The Board comprises nine (9) members, of whom five (5) are executive directors and four (4) are non-executive directors of whom three (3) are independent which is in compliance with paragraph 15.02 of the Listing Requirements of Bursa Securities in respect of the board composition.

A brief profile of each Director is presented on pages 18 to 21 of the Annual Report.

In his capacity as Group Executive Chairman and Chief Executive Officer (CEO), Dato' Koh Peng Chor acts as both the Group Executive Chairman and Chief Executive Officer of the Board. The Board is mindful of the convergence of the two roles, but is comfortable that there is no undue risk involved as all related party transactions are strictly dealt with in accordance with the Listing Requirements of Bursa Securities and with independent consultants to advise other Board members and shareholders.



## STATEMENT ON CORPORATE GOVERNANCE

The Board also has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notations, as the case may be. Besides, there is balance in the Board with the presence of independent directors who demonstrate objectivity and independence of judgment.

### c) Board Meetings

Board meetings are scheduled at the beginning of each year and the Board usually meets at least four (4) times a year. During the financial year, the Board held a total of six (6) meetings.

The attendance record of each Director during the financial year is as follows:

Director	Attendance
<b>Dato' Koh Peng Chor</b> Group Executive Chairman and CEO	6/6
<b>Tan Sia Swee</b> Executive Director	5/6
<b>Law Yang Ket</b> Executive Director	6/6
<b>Cheong Chin Tai</b> Executive Director	6/6
<b>Chew Boon Swee</b> Executive Director	6/6
<b>Zulkifli Bin Mohamad Razali</b> Independent Non-Executive Director	6/6
<b>Thiang Kai Goh</b> Independent Non-Executive Director	6/6
<b>Aggie Chew Poh Lian</b> Independent Non-Executive Director	6/6
<b>Lim Lean Eng</b> Non-Independent Non-Executive Director (Appointed w.e.f. 16 November 2007)	1/1

### d) Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs to enable them to discharge their duties.

In addition to the quarterly Board meetings, briefings are conducted by the Company Secretary for the Board on various issues such as the changes to the companies and securities legislations, rules and regulations from time to time to inform them of the latest developments in these areas.

The Directors are also notified of any corporate announcements released to the Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the quarterly financial result announcement.

All Directors have access to the advice and services of the Company Secretary and Senior Management and may seek independent professional advice, at the Company's expense, should the need arise.

Management is responsible for providing the Board with all the relevant information to facilitate an informed decision-making process. All Directors have the right and duty to make further enquiries where they consider necessary. In most instances, senior management of the Company is invited to be in attendance at Board meetings to provide insight and to provide clarification on issues that may be raised by the Board.

## STATEMENT ON **CORPORATE GOVERNANCE**

### **e) Appointment and Re-Election to the Board**

Appointments to the Board are made based on the recommendation of the Nomination Committee. The Nomination Committee of the Company comprises exclusively of Non-Executive Directors. In making these recommendations, the Nomination Committee considers a required mix of skills and experience which each Director brings to the Board. Any new nomination received is put to the full Board for assessment and endorsement. There was a nomination of a new director received during the year. The Nomination Committee has considered the new director and recommended the appointment of the new director as a Non-Independent Non-Executive Director to the Board for approval.

In accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting provided always that all Directors shall retire from office at least once every three years. Such Directors however, shall be eligible for re-election.

Directors standing for re-election at the Annual General Meeting of the Company to be held on 19 June 2008 are detailed in the Notice of the Nineteenth Annual General Meeting.

### **f) Directors' Training**

As the Continuing Education Programme ("CEP") has been repealed by Bursa Securities with effect from 1 January 2005, the Board has assessed the training needs of the individual directors to ensure that the board is equipped with the necessary knowledge to enable them to discharge duties as directors.

All the Directors have attended the Mandatory Accreditation Programme ("MAP") as recommended by the Bursa Securities during the course of the year and up to the date of issuance of the Annual Report.

The Directors have attended following trainings, workshops and seminars conducted by various professional bodies:

- i) In House Training - Appreciating Business Trends
- ii) Practical Aspects in Conducting General Meetings in PLCs
- iii) 9th TEC Asia Annual Meet 2007
- iv) Handling The Press
- v) Audit & Governance Summit 2007
- vi) Auditing Corporate Governance

The Company will on a continuous basis, evaluate and determine the training needs of its Directors. All Directors will continue to attend the relevant training programmes as to ensure that they are kept up-to-date on developments in relevant laws and business practices.

### **g) Board And Management Committees**

The Board of Directors delegates certain responsibilities to Board Committees namely Audit Committee, Remuneration Committee, Nomination Committee, Executive Management Committee, Risk Management Committee and Employee Equity Scheme Committee. The committees have written terms of reference and operating procedures and the Board of Directors receives minutes of their proceedings and deliberations. The Board Committees in CNI Holdings Berhad are as follows:

#### **i) Audit Committee**

The terms of reference and further information on the Audit Committee are outlined in pages 37 to 40 of this Annual Report.

## STATEMENT ON **CORPORATE GOVERNANCE**

### ii) **Remuneration Committee**

The Remuneration Committee was established by the Board on 17 July 2005. The Remuneration Committee is responsible for drawing up the remuneration policy framework and to make recommendations to the Board on the remuneration packages of the Directors.

The Remuneration Committee comprises majority of Non-Executive Directors as follows:

**Dato' Koh Peng Chor**

Chairman, Group Executive Chairman and Chief Executive Officer

**Chew Boon Swee**

Member, Executive Director

**Zulkifli Bin Mohamad Razali**

Member, Independent Non-Executive Director

**Thiang Kai Goh**

Member, Independent Non-Executive Director

**Aggie Chew Poh Lian**

Member, Independent Non-Executive Director

The objectives of the Remuneration Committee are to ensure that the remuneration policies of the Company are competitive; thereby enabling the Company to attract and retain high calibre executives at the same time protecting the interests of the shareholders. The Remuneration Committee meets at least once a year with additional meetings convened when necessary.

### iii) **Nomination Committee**

The Nomination Committee was established by the Board on 12 July 2005 to recommend candidates with an optimal mix of qualifications, skills and experience to the Board and put in place succession plans where and when appropriate. The Nomination Committee is empowered by the Board and its terms of reference to recommend to the Board the appointment of new Directors.

The Nomination Committee also keeps under review the Board structure, size and composition as well as considering the Board's succession planning.

In addition, the Nomination Committee also evaluates annually the effectiveness of the Board as a whole and the various Committees and each individual Director's contribution to the effectiveness of the decision-making process of the Board.

The members of the Nomination Committee comprise exclusively of Non-Executive Directors as follows:

**Zulkifli Bin Mohamad Razali**

Chairman, Independent Non-Executive Director

**Thiang Kai Goh**

Member, Independent Non-Executive Director

**Aggie Chew Poh Lian**

Member, Independent Non-Executive Director

**Lim Lean Eng**

Member, Non-Independent Non-Executive Director

## STATEMENT ON **CORPORATE GOVERNANCE**

### **iv) Executive Management Committee**

The Executive Management Committee was established by the Board on 12 July 2005 to transact business activities of the Group subject to certain limitations as set out in the terms of reference. The Executive Management Committee meets monthly to review the performance of the Group's operations.

The Executive Management Committee consists of:

**Dato' Koh Peng Chor**

Chairman, Group Executive Chairman and Chief Executive Officer

**Tan Sia Swee**

Member, Executive Director

**Law Yang Ket**

Member, Executive Director

**Cheong Chin Tai**

Member, Executive Director

**Chew Boon Swee**

Member, Executive Director

**Wong Siew Fong**

Member, Executive Director of CNI Enterprise (M) Sdn Bhd ("CNIE")

**Koh Tiah Siew**

Member, Executive Director of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("Q-Pack")

**Cheong Chee Kee**

Member, Executive Director of Q-Pack

**Chan Kok Liang**

Member, Executive Director of CNIE and Creative Network International (S) Pte Ltd ("CNIS")

**Koh Teng Kiat**

Member, Executive Director of CNIS

**Ong Chun Eng**

Member, Executive Director of Key Elite Sdn Bhd ("KESB")

**Koh How Loon**

Member, Executive Director of CNIE, KESB and Infuso Sdn. Bhd.

### **v) Risk Management Committee ("RMC")**

The RMC was established by the Board on 12 July 2005. The RMC receives and evaluates the risk factors on the Group's businesses and works closely with the internal and external auditors in ensuring the implementation of appropriate systems to manage the identified principal risks. The Committee, based on reports from the Risk Working Committee (RWC), provides advice on the Group's co-ordination of risk management strategies.

The RMC consists of:

**Cheong Chin Tai**

Chairman, Executive Director

## STATEMENT ON **CORPORATE GOVERNANCE**

**Chong Nyok Hon**

Deputy Chairman, Senior Manager, Finance & Accounts of CNIE

**Koh Tiah Siew**

Member, Executive Director of EM and Q-Pack

**Cheong Chee Kee**

Member, Executive Director of Q-Pack

**Chan Kok Liang**

Member, Executive Director of CNIE and CNIS

**Ong Chun Eng**

Member, Executive Director of KESB

**Thomas Daniel**

Member, Manager, Internal Audit Department of CNI

**Koh How Loon**

Member, Executive Director of CNIE, KESB and Infuso Sdn. Bhd.

**Goh Wee Leng**

Member, Vice President of CNIS (Resigned as a member in December 2007)

### **vi) Employee Equity Scheme (“EES”) Committee**

The EES Committee was established by the Board on 12 July 2005 to administer the Group's EES. The purpose of EES is to reward the employees' contribution to the Group. The EES Committee recommends to the Board of Directors on any amendments to the provisions of the EES, subject to the approval of all the relevant authorities, Board of Directors and the Company's shareholders in general meeting, if required.

The EES Committee consists of:

**Dato' Koh Peng Chor**

Chairman, Group Executive Chairman and Chief Executive Officer

**Tan Sia Swee**

Member, Executive Director

**Law Yang Ket**

Member, Executive Director

**Cheong Chin Tai**

Member, Executive Director

**Chew Boon Swee**

Member, Executive Director

**Ong Chun Eng**




Member, Executive Director of KESB



## STATEMENT ON CORPORATE GOVERNANCE

The composition of the Board and Management Committees and attendance of each member at the Board and Management Committees meeting are reflected as follows:

Name	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Executive Management Committee	Risk Management Committee	Employee Equity Scheme Committee
Dato' Koh Peng Chor	6/6	5/5	1/1		13/13		0/0
Tan Sia Swee	5/6				11/13		0/0
Law Yang Ket	6/6				13/13		0/0
Cheong Chin Tai	6/6				13/13	4/4	0/0
Chew Boon Swee	6/6		1/1		13/13		0/0
Zulkifli Bin Mohamad Razali	6/6	5/5	1/1	4/4			
Thiang Kai Goh	6/6	5/5	1/1	4/4			
Aggie Chew Poh Lian	6/6		1/1	4/4			
Lim Lean Eng	1/1 <sup>(1)</sup>	0/0 <sup>(1)</sup>		0/0 <sup>(1)</sup>			
Wong Siew Fong					10/13		
Koh Tiah Siew					13/13	3/4	
Cheong Chee Kee					12/13	4/4	
Chan Kok Liang					13/13	3/4	
Koh Teng Kiat					10/13 <sup>(2)</sup>		
Ong Chun Eng					12/13	4/4	0/0
Koh How Loon					13/13	3/4	
Chong Nyok Hon						4/4	
Thomas Daniel						4/4	
Goh Wee Leng						4/4 <sup>(3)</sup>	
<b>Total number of meetings for 2007</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>13</b>	<b>4</b>	<b>0</b>

	<b>Chairman</b>
	<b>Member</b>
	<b>Non-member</b>

Notes:

- (1) Appointed as a member on 16 November 2007
- (2) Attendance of Koh Teng Kiat and/or his representative
- (3) Resigned as a member in December 2007

## STATEMENT ON CORPORATE GOVERNANCE

### 2. REMUNERATION

The Company's Directors' remuneration policy provides remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the businesses of the Company and to align the interest of the Directors with those of the shareholders.

The Remuneration Committee ascertains and approves remuneration packages of executive directors in accordance with the Company's policy guidelines which set a proportionately high variable pay component to the remuneration package so as to strongly link remuneration to performance.

The remuneration framework for Directors as well as the remuneration package of the Group Executive Chairman is reviewed and recommended by the Remuneration Committee and determined by the Board.

None of the Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of non-executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 31 December 2007 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Fees	264,000	112,500
Emoluments	5,466,947	-
Profit sharing	1,080,967	-
Benefits in kind	106,450	-
Retirement benefits	1,256,209	-
Allowances	-	19,000
<b>Total</b>	<b>8,174,573</b>	<b>131,500</b>

The number of directors in each remuneration band are as follows:-

Range of Remuneration	NUMBER OF DIRECTORS	
	Executive Directors	Non-Executive Directors
RM0 to RM50,000	-	4
RM1,000,001 to RM1,050,000	1	-
RM1,150,001 to RM1,200,000	1	-
RM1,950,001 to RM2,000,000	1	-
RM2,100,001 to RM2,150,000	2	-
<b>Total</b>	<b>5</b>	<b>4</b>

## STATEMENT ON **CORPORATE GOVERNANCE**

### 3. INVESTOR RELATIONS & SHAREHOLDERS COMMUNICATION

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public. As such, the Company strives to maintain an open and transparent channel of communication with its shareholders, institutional investors and the investing public at large with the objectives of providing a clear and complete picture of the Group's performance and financial position.

The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Annual General Meeting represents the principal forum for dialogue and interaction with shareholders. At every meeting, the Board sets out the progress and performance of the Group and shareholders are encouraged to participate in the subsequent question and answer session wherein Directors, Company Secretary, Heads of Department as well as the Group's External Auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder. Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of a proposed resolution.

During the year, press conferences are held periodically where the media is briefed on the performance of the Company, corporate actions as well as matters of strategic importance to the Company. Mr Cheong Chin Tai, Executive Director is the Board's elected spokesperson for the Group and is authorised to clarify and explain issues raised by the media.

Timely announcements are also made to the public with regards to the Company's quarterly results, corporate proposals and other activities to ensure the accurate and effective dissemination of information to the investing public at large. Apart from publishing the results in the print media, Bursa Securities also provides for the Company to electronically publish all its announcements including the full version of its quarterly results and Annual Reports. These can be accessed online through Bursa Securities' website at <http://announcements.bursamalaysia.com.my>.

In addition, the Group maintains a website at [www.cniholdings.com.my](http://www.cniholdings.com.my) and [www.mycni.com.my](http://www.mycni.com.my) for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, frequently-asked questions (FAQs) and updates on its various sponsorships and promotions.

### 4. ACCOUNTABILITY AND AUDIT

#### **a) Financial Reporting**

The Directors have a responsibility to present a true and fair assessment of the Group's position and prospects in the quarterly reports to Bursa Malaysia Securities Berhad and the Annual Report to shareholders. The Audit Committee assists the Board in scrutinizing information to ensure accuracy, adequacy and completeness in disclosure.

In addition to Chairman's Statement, the Annual Report of the Company contains the following additional non-mandatory information to enhance shareholders' understanding of the business operations of the Group namely financial trends and highlights, key performance indicators and other background industry notes deemed necessary.

## STATEMENT ON **CORPORATE GOVERNANCE**

### **b) Internal Control**

The Group's Statement on Internal Control furnished on pages 32 to 36 of the Annual Report provides an overview of the state of internal controls within the Group.

### **c) Relationship With The Auditors**

The Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards.

The Audit Committee has been explicitly accorded the power to communicate directly with both external and internal auditors. A full Audit Committee report enumerating its role in relation to the auditors is set out from pages 37 to 40 of this Annual Report.

## STATEMENT OF COMPLIANCE WITH THE PRINCIPLES AND BEST PRACTICES OF THE CODE

The Group has not complied with the following Principle and Best Practice of the Code set out in the schedule below during the year. The reasons for non-compliance are specified accordingly:

### **a) CODE B.III- Disclosure of details of the remuneration of each Director.**

The Board has considered this Principle against the backdrop of compliance with a related disclosure required under the Listing Requirements of Bursa Securities, i.e. that of disclosure of an analysis of Directors' Remuneration by applicable bands of RM50,000 (refer to section B.III on Details of Remuneration of this Statement).

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the 'band disclosure' made.

### **b) CODE AA.VII- Nomination of a Senior Independent Non-Executive Director to whom concerns may be conveyed**

Given the current composition of the Board, in particular the strong independent element, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director.

This Statement is made in accordance with a resolution of the Board of Directors dated 23 April 2008.

## STATEMENT ON INTERNAL CONTROL

### RESPONSIBILITY

The Board of CNI Holdings Berhad acknowledges that it is responsible for maintaining a sound system of internal controls covering not only financial controls but also controls relating to operational compliance and risk management to safeguard shareholders' investments and the Group's assets. In this respect, it is committed in making sure that this responsibility is properly discharged.

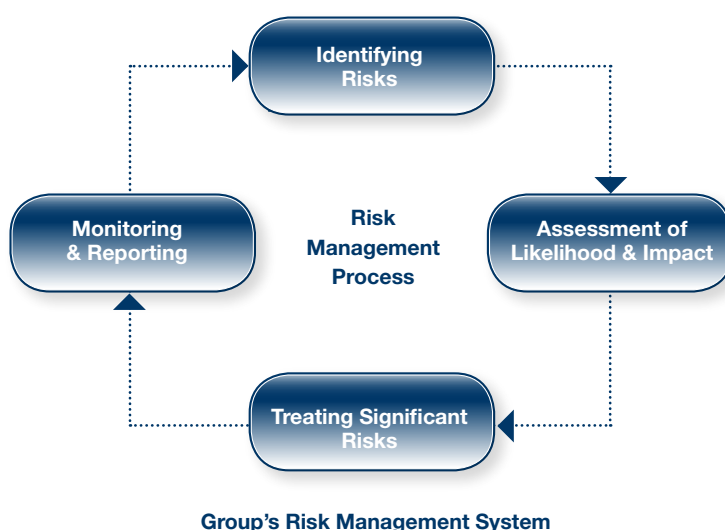
The Board recognises that the Group's system of internal control is designed to manage rather than eliminate the risk of failure in achieving the Group's business objectives. Therefore, the system of internal control can only provide reasonable but not absolute assurance against material misstatements or losses.

The Board is continuing its ongoing process of identifying, assessing and managing key businesses, operational and financial risks faced by its business units. The Board reviews this process on a quarterly basis.

### Enterprise Risk Management ("ERM") Framework

The Group has established an Enterprise Risk Management framework to pursue a disciplined, comprehensive and integrated approach to risk management. By means of adopting a proactive risk management culture and with the appropriate tools, the Group aims to minimise the potential for undesired risk exposures.

The Group has implemented an ongoing risk management process of identifying risks, assessing its likelihood and impact and taking preventive measures to manage potential risks which may affect the achievement of the Group's corporate and business objectives.



**Group's Risk Management System**

In addition, the Group has put in place a Risk Management Committee (RMC) which is chaired by the Executive Director of CNI Holdings Berhad and includes representatives from all the Group's subsidiaries. The objectives of RMC are:

1. To raise the level of management awareness of and accountability for, the business and treasury risks faced by the Group;
2. To develop risk management as part of the culture of the Group;



## STATEMENT ON **INTERNAL CONTROL**

3. To oversee the formal development of risk management policy encompassing business, operational, compliance and financial risks;
4. To provide a mechanism for risk management issues to be discussed and disseminated to all parts of the Group.

The Group has also established Risk Working Committee ("RWC") with the following objectives:

1. Be responsible for the implementation and coordination of the Risk Management Process of the Group
2. To recommend the appropriate risk appetite or level of exposure for the Group's operational and compliance risks
3. To identify and quantify operational risks affecting the Group and ensure that proper procedures are in place to manage those risks
4. Be responsible for developing tools and methodologies for the identification, measurement, monitoring and control of risks encompassing business, operational, compliance and financial risks.
5. Help embed a risk management culture into all major decisions, through risk education, controls and procedures
6. Compile and submit reports when necessary to the RMC
7. Compile CNI's Key Risk Profile in accordance with the Risk Management Method prescribed in its Risk Management Process.

The Group also maintains a database of key risks specific to the Group together with their corresponding controls, which are categorised as follows:-

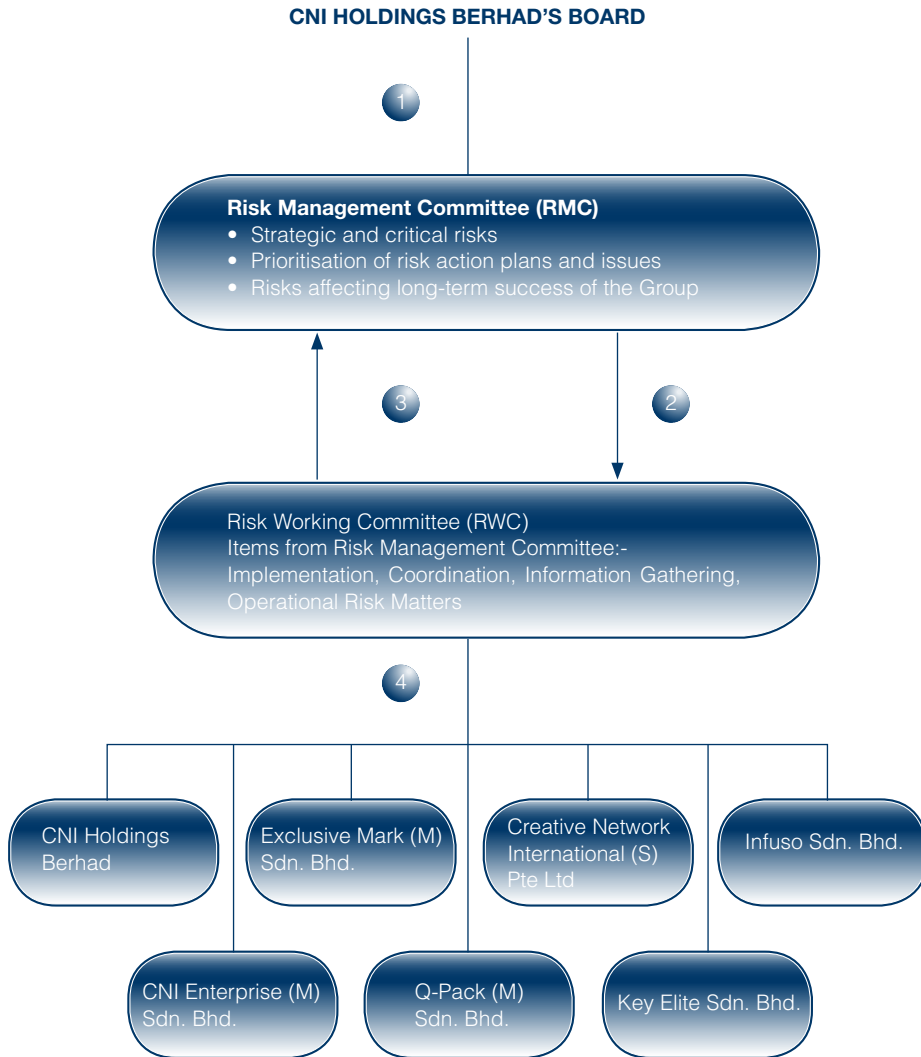
1. Strategic, which are risks that affect the overall direction of the business.
2. Operational, which are risks that impact the delivery of the Group's products and services.
3. Financial, which are risks associated with financial processes and reporting.
4. Compliance, which are risks related to non-compliance with the relevant laws and regulations.

During the year, the database of key risks and corresponding controls were reviewed for completeness and adequacy by the Audit Committee. The identified risks were prioritised according to the degree of impact and likelihood of occurrence. Existing corresponding controls were assessed for effectiveness, taking into account the level of risks involved and where necessary and feasible, additional controls were identified for implementation.

## STATEMENT ON INTERNAL CONTROL

### RISK MANAGEMENT GOVERNANCE AND COMMITTEE STRUCTURE

The following is the governance structure for Risk Management of the CNI Group of Companies.



#### Notes

- 1 The Risk Management Committee reports to the Board of Directors of CNI Holdings Berhad.
- 2 The Risk Management Committee ("RMC") prioritises and accelerates risk management strategies and coordinates activities with the Risk Working Committee.
- 3 The Risk Working Committee ("RWC") is responsible for implementation and coordination of the Risk Management Process on behalf of the RMC. RWC also compiles and submits reports when necessary to the RMC.
- 4 RWC coordinates with the Business Units within the Group to identify and quantify Business risks, Operational risks, Compliance risks and Financial risks to ensure that arrangements are in place to manage those risks.

## STATEMENT ON **INTERNAL CONTROL**

### **Monitoring Mechanisms and Management Style**

Under the purview of the Group's Executive Chairman and Chief Executive Officer, the respective heads of each operating subsidiary and department within the Group are empowered with the responsibility of managing their respective operations.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through its various Board and Management Committees and the various management reporting mechanisms. Through these mechanisms, the Board is informed of all business operations and major control issues pertaining to internal controls, regulatory compliance and risk management.

Scheduled quarterly meetings of the Board present the main platform by which the Group's performance and conduct are monitored. Monthly meetings by the Group's Management Committees are conducted to review and monitor matters pertaining to the businesses, operations, plans and strategic issues.

The Board and the Group's Management receive periodical financial results from each subsidiary and the Group reports quarterly to Bursa Malaysia Securities Berhad ("Bursa Securities") in compliance with the Listing Requirements of Bursa Securities.

### **Other Key Elements of Internal Control**

The other key elements of the Group's internal control system include:

1. Clearly defined duties and responsibilities of the Board and Management committees. The organisation structure defines the line of reporting.
2. Strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations.
3. The Board reviews and approves the annual budget. The Board also reviews the Group's actual performance against the budget on a quarterly basis with detailed explanation of any major variances. The Executive Management Committee reviews the actual performance against the budget on a monthly basis with detailed explanation of any major variances.
4. Policy guidelines, procedures and authority limits are established for Executive Directors and management within the Group in respect of day-to-day functions and operations.
5. Policies and procedures of the relevant operating units within the Group are documented in Standard Operating Procedures in line with ISO, Good Manufacturing Practice (GMP), Hazard Analysis & Critical Control Point (HACCP) together with industrial practices.
6. Regular and comprehensive information provided to management, covering financial performance and key business indicators, such as staff utilisation and cash flow performance.
7. The Executive Directors meet on a monthly basis with all Subsidiary Heads and Departmental Heads to deliberate on the Group's commercial and financial performances, business development, management and corporate issues.
8. Employees are required to sign and adhere to the Code of Ethics, which upholds the Group's corporate values and ethical code of conduct.
9. The performance appraisal system is linked to individual and strategic goals which are based on performance, result and accountability, while at the same time promoting a sense of accountability and team spirit.
10. The Group has a Training and Development department that arranges and facilitates internal and external training programmes for its employees in relation to their respective areas of work. The various training organised by the Group focus on motivation, leadership and team building so as to maintain a high level of competency and capability among the Group's employees.

## STATEMENT ON **INTERNAL CONTROL**

11. The Group's subsidiaries maintain a Quality Management System that monitors conformance with the operating units' standard procedures and ensure that the system is continuously being improved.
12. The Group has adopted a succession plan for the key positions within the Group. It has also implemented a talent management programme to develop and retain key personnel.
13. The Group has implemented Crisis Communication Management 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.
14. An internal audit function carries out internal audits based on an annual risk-based audit plan approved by the Audit Committee. Further details of the internal audit department are set out in the Audit Committee report on pages 37 to 40 on this Annual Report.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the year ended 31 December 2007 and reported to the Board that nothing has come to their attention that may cause them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in reviewing the adequacy and integrity of the internal controls of the Group.

### CONCLUSION

For the financial year under review, and up to the date of issuance of the Annual Report and Financial Statements, the Board considers the system of internal control described in this statement to be adequate and the risks are considered to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment of the Group. For this purpose and for the financial year under review, the Board is satisfied that there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies which are required to be disclosed in the Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 23 April 2008.

## AUDIT COMMITTEE REPORT

### MEMBERSHIP & MEETINGS

The Audit Committee held five (5) meetings during the financial year ended 31 December 2007. The attendance of each member of the Audit Committee is as follows:

Members	Attendance
<b>Thiang Kai Goh</b> Chairman Independent Non-Executive Director	5/5
<b>Dato' Koh Peng Chor</b> Member Group Executive Chairman and CEO (Resigned w.e.f. 26 November 2007)	5/5
<b>Zulkifli Bin Mohamad Razali</b> Member Independent Non-Executive Director	5/5
<b>Lim Lean Eng</b> Member Non-Independent Non-Executive Director (Appointed w.e.f 16 November 2007)	0/0

Representatives of the External Auditors, Messrs Moore Stephens, Chartered Accountants, the Director of Operations, Head of Internal Audit Department and the Head of Group Finance & Accounts Department attended the meetings by invitation to discuss specific issues.

A key feature prior to each Audit Committee Meeting was a private session between the Audit Committee members and the Head of Internal Audit Department without the Management's presence. The Audit Committee also had a meeting with the External Auditors without the Management's presence.

The minutes of meetings of the Audit Committee were circulated to all members of the Board and significant issues were discussed at Board Meetings.

### TERMS OF REFERENCE

The Audit Committee is governed by the terms of reference which was formally endorsed by the Board on 25 May 2005. The terms of reference was revised on 10 November 2005, to take into account the specific structure of the Group.

#### 1. Memberships

The Committee was appointed by the Board from amongst its directors and it consists of three (3) members whereby all the audit committee members are Non-executive directors, with majority of them being Independent directors. This is in compliance with Paragraph 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad.

At least one member of the Audit Committee:

- a) must be a member of the Malaysian Institute of Accountants (MIA), or
- b) if he is not a member of the MIA, he must have at least 3 years' working experience and
  - i) have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - ii) be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
- c) he must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or



## AUDIT COMMITTEE REPORT

- d) he must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

At CNI Group, all members of the Audit Committee are financially literate in compliance with Malaysian Code on Corporate Governance (revised in 2007). In addition, the Chairman of the Audit Committee is a Member of the Malaysian Institute of Accountants.

Alternate Directors cannot be appointed as a member of Audit Committee.

Quorum is to be two (2) members composed of a majority of Independent Non-Executive Directors.

Members of the Audit Committee are appointed for an initial term of 3 years after which they will be eligible for re-appointment.

The Board of Directors of the Company reviews the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference (Articles 91 and 92 of the Memorandum of Articles and Association).

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members being reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The members of the Audit Committee are to select a Chairman from among themselves who is an Independent Non-Executive Director. Mr. Thiang Kai Goh is the current Chairman.

### 2. Meetings

The Audit Committee shall meet at least four (4) times in a year although additional meetings maybe called at any time, at the discretion of the Chairman. The Audit Committee met five (5) times in year 2007.

Head of Finance and Accounts department, Head of Internal Audit department and representatives of External auditors are invited to these meetings of the Audit Committee as and when they are required. Other Board members also attend the meetings upon the invitation of the Committee. The Committee also meet twice a year with the external auditors without any executive Board members present.

The Company Secretary is the Secretary of the Committee. The Secretary is responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary is also responsible for keeping the minutes of the meetings of the Committee, and circulating them to the Committee members and to other members of the Board.

A resolution in writing signed or approved by letter by the members of the Audit Committee sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolutions are described as "Audit Committee Circular Resolutions" and are forwarded or otherwise delivered to the Secretary without delay, and are recorded by her in the Company's minute book. Any such resolutions may consist of several documents in like form, each signed by one (1) or more members.

### 3. Authority

The Audit Committee is authorized by the Board to: -

- a) investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Group or the Company;

## AUDIT COMMITTEE REPORT

- d) have direct communication channels with the External auditors and person(s) carrying out the internal audit function;
- e) obtain independent professional or other advice if it considers necessary; and
- f) convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

### 4. Duties and Responsibilities

The duties and responsibilities of Audit Committee include:

- a) To review with the External Auditors:
  - (i) the audit plan;
  - (ii) the evaluation of the system of internal controls;
  - (iii) the audit report, together with the financial statements for the financial year/period, management letter and management response.
- b) To consider and recommend the appointment, resignation and/ or dismissal of the External Auditors.
- c) To review with the Internal Auditors:
  - i) the adequacy of the scope, functions and resources and of internal audit function;
  - ii) whether the necessary authority is obtained to carry out the audit work;
  - iii) the internal audit programme, processes, and the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken by management on the recommendations of the internal audit function;
  - iv) table and approve the internal audit reports; and
  - v) approve the annual audit plan and annual audit budget.
- d) To decide the appointment, remuneration, performance, appraisal, transfer and dismissal of the Head of Internal Audit.
- e) To review with the management and/ or External Auditors the quarterly, half-yearly, and yearly unaudited financial statements of the Group and the Company before recommending the same to the Board, focusing particularly on:
  - i) changes in or implementation of major accounting policy changes;
  - ii) significant and unusual events;
  - iii) compliance with accounting standards and other legal requirements;
  - iv) the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
- f) To review related party transactions and conflict of interest situations that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity.
- g) To review current/ pending litigation or regulatory proceedings bearing on corporate governance in which the Company is a party.
- h) To review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports.
- i) To review the means of safeguarding asset and, where appropriate, verify the existence of such assets.
- j) To appraise the economy, effectiveness and efficiency with which resources are employed.
- k) To review operations or programmes to ascertain whether results are consistent with established objectives and goals, and whether the operations/programmes are being carried out as planned.
- l) Such other matters as the Board may from time to time determine.

## AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties, which are set out in the terms of reference as in page 37 to 39.

Apart from these duties the main activities performed by the Audit Committee during the financial year ended 31 December 2007 were as follows:

1. Reviewed the unaudited quarterly financial results of the group and the company, and to recommend the same, with or without amendments, to the Board for its approval and release to Bursa Securities.
2. Reviewed with the External Auditors the audited financial statements of the Group and to recommend the same to the Board, with or without amendments, for its approval.
3. Reviewed and approved the Audit Committee Report and Internal Control Statement to be presented in the annual report by the Board.
4. Reviewed and discussed with the External Auditors the scope and nature of their audit plan for the Group.
5. Reviewed and approved the annual internal audit plan proposed by the Internal Auditors.
6. Reviewed the annual internal audit budget and Human Resource requirement proposed by the Internal Auditors.
7. Reviewed the audit reports presented by the Internal Auditors on their findings and recommendations arising from their audits of the respective companies/departments/divisions.
8. Reviewed the recurrent related party transactions that were present in the Group.
9. Reviewed the effectiveness of preventive measures undertaken by each company/department in the implementation of Enterprise Risk Management ('ERM') in the Group.
10. Reviewed the action plans, reasons and explanations given by each company/department/ division in relation to its monitoring, measuring and reviewing the Group's financial performance against its annual budget.
11. Proposed to the Board for a more stringent management control over the Group's preparation, accountability and remedial actions of the annual budget

### INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the internal audit department which reports directly to the Audit Committee on its activities based on the approved annual internal audit plan. The current head of the Internal Audit Department is an internal audit manager who has twelve (12) years of internal auditing and risk management experience. He is assisted by two (2) internal audit executives equipped with relevant internal auditing skills and experience.

The emphasis of the internal audit function is to undertake regular and systematic reviews 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 internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis.

During the financial year, the activities carried out by the Internal Audit department include, among others, the review of the Group's system of internal controls for effectiveness and efficiency, compliance with established rules, guidelines, laws and regulations, reliability and integrity of information and means of safeguarding assets as well as reviewing the adequacy of Group's risk management.

The internal audit reports issued by the Internal Audit department were deliberated during the Audit Committee meetings and recommendations from the reports were duly acted upon by the Management. The Internal Audit department has also performed follow-up reviews on the status of rectification with regards to significant audit issues and has updated the Audit Committee on the current status.

## STATEMENT OF **CORPORATE SOCIAL RESPONSIBILITY**

CNI has evocated corporate social responsibility or CSR since its inception in 1989. At that point in time when the term CSR was not popularized, it was more of a social business culture for our small establishment.

Looking after our lean team of employees and their family members were foremost in our practices besides ensuring the growth of the business.

Everyone became a family member. Each child became everyone's child. Each parent became everyone's father or mother. Outings included picnics and visits to welfare homes brought a sense of belonging to each member of the CNI congregation. It was an extended family affair within a thriving business.

This practice has since been passed down and maintained over these 18 years. Furthermore, it has spread its wings to encompass CNI Sports & Recreational Club, Yayasan CNI and other community programmes as well as philanthropy activities.

More importantly, the Group takes into account environmental, health and safety (EHS) issues as one of its business and operations priorities.

### **Environment, Health & Safety (EHS)**

Issues concerning the environment, health and safety will remain as one of the priorities for CNI Group. Being a corporate entity, the Group realises these issues are important to the business competitiveness.

Being in the food, beverage and consumer products manufacturing line, practicing good hygiene, quality control, food safety and handling is utmost imperative as we continue to care for and preserve the environment.

Our Environmental Management System (ISO 14001:2004) which emphasises the 3Rs – Reduce, Reuse and Recycle, has become a way of life for our Group.

The state-of-the art facilities at our two plants, Exclusive Mark and Q-Pack were designed and constructed under strict international Good Manufacturing Practice (GMP) specifications. This was done to facilitate proper manufacturing operations including upholding the safety and quality standards of our products and processes.

The introduction and enforcement of our Occupational Health and Safety Management System (OHSAS 18001:1999) further enhanced our efforts to provide a safe and healthy environment to all our employees.

In this respect, we continuously seek improvements on all our systems and practices with periodic reviews concentrating on the following four major areas:-

- product quality and safety.
- work health hazards and prevention.
- waste minimization and recycling.
- pollution control and solution.

### **CNI Sports & Recreational Club**

This social club was established some time back as a recreational outlet for all CNI Group's employees. CNI Group contributes yearly to this club which is managed by a panel of employees who hold office annually after being elected.

The club organises activities specifically for its members namely all the employees of the Group including:-

- fortnightly staff assembly to update various management and business issues.
- weekly exercise regime including yoga and line dancing classes.
- festivities and celebrations such as Labour Day dedications.
- educational talks and business seminars including financial and insurance planning.
- regular outings and visits.
- annual trip.
- annual dinner.
- recycle campaign.

## STATEMENT OF **CORPORATE SOCIAL RESPONSIBILITY**

### **Yayasan CNI**

Established in 1998, Yayasan CNI is the charity arm of the Group. Its aim is to reach out and aid those who are in need regardless of race, colour or religion.

It was also founded to assist in the education of CNI distributors' children. Over the years, it has contributed over RM2 million to about 50,000 children.

Similarly, it has supported numerous missions and organised projects for the needy all these years including:-

- organising and establishing a fund of RM500,000 for the tsunami victims in India, Indonesia and Malaysia.
- collecting clothes for the impoverished in Bosnia, Cambodia and Vietnam.
- initiating the Wishing Tree Programme in fulfilling the wishes of 122 disabled personnel.

### **Philanthropy Activities**

Understanding that certain projects could only be realised by direct donation, the Group has contributed to the following:-

- donating 100 units of WaterLife to charity homes in Malaysia, Brunei and Singapore.
- donating 20 tonnes of food for the National Flood Foundation.
- donating RM500,000 worth of food and goods to the flood victims in Johor.
- donating 40 tonnes of food and goods to Afghanistan refugees.
- donating dialysis machines to various dialysis centres around Malaysia.
- sponsoring a yearly cash amount of RM5,400 to the natives of a settlement in Sabah for their children's education for a period of five years.

### **Community Programmes**

Realising that Malaysia is a multi-racial society, the Group has tried to bridge racial understanding through cultural activities and community programmes such as:-

- Pesta TangLung Cintai Malaysia.
- Konsert Harmoni KeranaMu Malaysia.
- Road Safety Campaign by giving out 50,000 booklets on road safety.
- 2002 World Lion & Dragon Dance Championship.
- Yellow River Choir.
- The Legend of Liu San Jie Musical.
- Yu Dan Cultural Talk and Seminar for the public at large.
- Tuan Kang Team Spirit Motivational Camp.

The Group's commitment to its corporate social responsibility and obligations is undeniable. It will continue to serve the community and the nation through its various undertakings and missions while upholding to its values.



## STATEMENT OF **DIRECTOR'S RESPONSIBILITY**

The Directors are required by the Companies Act 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the Group and the Company's results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring that the Group and the Company keep accounting records and financial statements which disclose with reasonable accuracy, the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965, approved accounting standards in Malaysia and other regulatory provisions.

## DIRECTORS' REPORTS

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in note 7 to the financial statements. There have been no significant changes in the nature of these activities during the year.

RESULTS	GROUP RM	COMPANY RM
Profit attributable to the shareholders	<b>20,847,265</b>	<b>25,869,233</b>

### DIVIDEND

During the year, the Company

- (i) paid a second interim dividend of RM0.015 per share less 27% tax based on 718,817,700 ordinary shares amounting to RM7,871,051 in respect of the previous financial year ended 31 December 2006 as reported in the Directors' Report of that year; and
- (ii) declared and paid an interim dividend of RM0.010 per share less 27% tax based on 718,743,000 ordinary shares amounting to RM5,246,827/- for the current financial year.

Subsequent to the financial year end, the Company declared a second interim dividend of RM0.012 per share less 26% tax based on 718,093,000 ordinary shares amounting to RM6,376,679/- payable on 11 April 2008 in respect of the current financial year.

### RESERVES AND PROVISIONS

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

### BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and have satisfied themselves that there were no known bad debts and no provision of doubtful debts is required.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## DIRECTORS' REPORTS

### CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business their values 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.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances 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.

### CONTINGENT AND OTHER LIABILITIES

At the date of this report there does not exist:-

- (i) any charge on the assets of the Group or 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 in respect of the Group or of the Company which has arisen since the end of the financial year.

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

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

## DIRECTORS' REPORTS

### ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company,

### TREASURY SHARES

During the financial year, the Company repurchased a total of 573,500 of its issued and fully paid ordinary shares from the open market in accordance to the treasury shares scheme. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The details of treasury shares during the financial year are as follows:-

Month 2007	No. of shares repurchased	Price per share			Total Consideration RM
		Highest RM	Lowest RM	Average RM	
March 2007	63,000	0.525	0.510	0.518	32,666
September 2007	195,900	0.420	0.405	0.413	80,909
October 2007	52,600	0.395	0.385	0.390	20,680
November 2007	262,000	0.395	0.390	0.393	102,662
	<b>573,500</b>				<b>236,917</b>

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### DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:-

**Dato' Koh Peng Chor**

**Tan Sia Swee**

**Chew Boon Swee**

**Cheong Chin Tai**

**Law Yang Ket**

**Thiang Kai Goh**

**Zulkifli Bin Mohamad Razali**

**Aggie Chew Poh Lian (F)**

**Lim Lean Eng**

## DIRECTORS' REPORTS

The interests of the Directors in office as at the end of the financial year in the shares of the Company and ultimate holding company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965, are as follow:-

Number of Ordinary Shares of RM0.10 each					
	At 1.1.07	Date of Appoinment	Bought	Sold	At 31.12.07
<b>Direct Interest</b>					
Dato' Koh Peng Chor	2,490,240	-	-	-	2,490,240
Tan Sia Swee	24,256,980	-	-	-	24,256,980
Chew Boon Swee	1,128,614	-	-	-	1,128,614
Cheong Chin Tai	1,200,000	-	-	-	1,200,000
Law Yang Ket	1,387,752	-	-	-	1,387,752
Lim Lean Eng	-	1,988,960	-	-	1,988,960
<b>Indirect Interest</b>					
Dato' Koh Peng Chor *	372,661,243	-	-	-	372,661,243
Tan Sia Swee **	1,676,400	-	-	-	1,676,400
Lim Lean Eng **	-	62,520	-	-	62,520

### Shareholdings in the Ultimate Holding Company - Marvellous Height Sdn. Bhd.

Number of Ordinary Shares of RM1/- each				
	At 1.1.07	Bought	Sold	At 31.12.07
<b>Direct Interest</b>				
Dato' Koh Peng Chor	6,013	-	-	6,013
Tan Sia Swee	35,364	-	-	35,364
Chew Boon Swee	7,902	-	-	7,902
Law Yang Ket	10,262	-	-	10,262
<b>Indirect Interest</b>				
Dato' Koh Peng Chor *	137,989	-	-	137,989

\* Shares held through persons connected to the Director and/or company in which the Director have substantial financial interests.

\*\* Shares held through person connected to the Director.

By virtue of their interest in the shares of the Company the Directors as disclosed above are also deemed to have an interest in the shares of the subsidiary companies to the extent of the shareholdings of the Company.

In accordance with Article 91 of the Company's Articles of Association, Messrs Law Yang Ket and Thiang Kai Goh and Madam Aggie Chew Poh Lian retire from the board at the forthcoming annual general meeting and being eligible offer themselves for re-election.

In accordance with Article 96 of the Company's Articles of Association, Mr Lim Lean Eng retires from the board at the forthcoming annual general meeting and being eligible offer himself for re-election.

## DIRECTORS' REPORTS

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than those disclosed in note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for the deemed benefit which may arise from transactions entered into in the ordinary course of business as disclosed in note 43 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### SIGNIFICANT EVENTS

Significant events arising during to the financial year are disclosed in note 45 to the financial statements.

### SUBSEQUENT EVENT

Significant event arising subsequent to the financial year is disclosed in note 46 to the financial statements.

### ULTIMATE HOLDING COMPANY

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

### AUDITORS

The auditors Messrs. Moore Stephens was one of the firms involved in a merger on 1st January 2008. The merged firm is now practicing under the name of Moore Stephens AC. In view of this merger, Messrs. Moore Stephens retires and do not seek reappointment. A resolution to appoint Messrs. Moore Stephens AC will be proposed at the forthcoming Annual General Meeting.

On Behalf of the Board

**DATO' KOH PENG CHOR**

**TAN SIA SWEE**

Kuala Lumpur  
23 April 2008



## STATEMENT BY **DIRECTORS & STATUTORY DECLARATION**

### STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 51 to 118, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

On Behalf of the Board

**DATO' KOH PENG CHOR**

**TAN SIA SWEE**

Kuala Lumpur  
23 April 2008

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### STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chong Nyok Hon, NRIC No.: 660313-08-5695, 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 55 to 120 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 at  
Kuala Lumpur in the Federal Territory  
On 23 April 2008

**Before me**

**CHONG NYOK HON**

**S.MASOHOOD OMAR (W.354)**

Commissioner for Oaths

## REPORT OF THE AUDITORS

REPORT OF THE AUDITORS TO THE MEMBERS OF CNI HOLDINGS BERHAD  
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 51 to 118.

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of:-
  - (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Group and of the Company; and
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The name of the subsidiary company of which we have not acted as auditors is indicated in note 7 to the financial statements. We have considered the financial statements of this subsidiary company and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary company was not subject to any qualification and for subsidiary companies incorporated in Malaysia did not include any comment made under Section 174(3) of the Companies Act, 1965.

**MOORE STEPHENS**  
Chartered Accountants  
(AF.0282)

**CHONG KWONG CHIN**  
707/04/08 (J/PH)  
Partner  
  
Kuala Lumpur  
23 April 2008

CONSOLIDATED **BALANCE SHEET** AS AT 31 DECEMBER 2007

	NOTE	2007 RM	2006 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	53,239,158	56,706,586
Capital work-in-progress	5	1	1
Investment properties	6	9,935,000	9,965,000
Goodwill	8	2,037	2,037
Other intangible assets	9	29,460	-
Other receivables, deposits and prepayments	10	331,207	537,369
Deferred tax assets	11	1,964,500	1,912,400
		65,501,363	69,123,393
<b>Current assets</b>			
Inventories	12	22,528,177	22,839,210
Trade receivables	13	6,069,920	7,288,578
Other receivables, deposits and prepayments	10	4,203,426	4,978,745
Tax assets	14	2,124,125	2,304,241
Investments	16	6,143,370	15,047,793
Cash deposits with licensed banks	17	7,992,521	14,286,404
Cash and bank balances	18	23,294,019	3,581,114
		72,355,558	70,326,085
Non-current assets held for sale	19	-	5,258,770
		72,355,558	75,584,855
<b>TOTAL ASSETS</b>		<b>137,856,921</b>	<b>144,708,248</b>

CONSOLIDATED **BALANCE SHEET** AS AT 31 DECEMBER 2007 (cont'd)

	NOTE	2007 RM	2006 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	72,000,000	72,000,000
Reserves	21	28,943,608	21,466,642
<b>Total equity</b>		100,943,608	93,466,642
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Hire Purchase payables	22	13,662	19,348
Terms loans - secured	23	166,763	195,217
Retirement benefits	24	12,677,883	11,421,674
Deferred tax liabilities	11	1,605,400	1,388,500
		14,463,708	13,024,739
<b>Current liabilities</b>			
Trade payables	25	4,398,265	6,162,103
Other payables, deposits and accruals	26	16,895,799	17,451,963
Provision for employees benefits	27	283,637	182,438
Bankers' acceptance	28	-	464,000
Hire purchase payables	22	5,686	5,013
Term loans - secured	23	19,534	-
Bank overdrafts - secured	29	-	1,396,877
Taxation		846,684	131,307
Dividend payables		-	7,873,684
		22,449,605	33,667,385
Liabilities directly associated with assets classified as held for sale	30	-	4,549,482
		22,449,605	38,216,867
<b>Total liabilities</b>		36,913,313	51,241,606
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>137,856,921</b>	<b>144,708,248</b>

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

CONSOLIDATED **INCOME STATEMENT** FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTE	2007 RM	2006 RM
Operating revenue	31	180,122,204	204,005,587
Direct operating costs	32	(57,784,964)	(64,340,721)
<b>Gross profit</b>		122,337,240	139,664,866
Other operating revenue		5,997,353	5,205,578
Administrative costs		(26,550,475)	(25,270,103)
Other operating costs		(1,266,512)	(2,582,804)
Distribution costs		(71,767,056)	(80,831,305)
		(99,584,043)	(108,684,212)
<b>Profit from operations</b>		28,750,550	36,186,232
Finance costs		(1,098,531)	(1,217,025)
<b>Profit before taxation</b>	33	27,652,019	34,969,207
Taxation	34	(6,840,622)	(9,610,126)
<b>Net profit for the year</b>		<b>20,811,397</b>	<b>25,359,081</b>
Earnings per share (sen)	35	<b>2.90</b>	<b>3.52</b>

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY** AS AT 31 DECEMBER, 2007

	Non-Distributable				Distributable	Total Equity RM
	Share Capital RM	Treasury Shares RM	Reserve on Consolidation RM	Translation Reserve RM	Retained Earnings RM	
<b>At 1.1.06</b>	60,000,000	-	693,674	(126,952)	22,285,935	82,852,657
Effect of adopting FRS 3	-	-	(693,674)	-	693,674	-
Bonus issue	12,000,000	-	-	-	(12,000,000)	-
Foreign exchange translation differences	-	-	-	135,701	-	135,701
Net profit for the year	-	-	-	-	25,359,081	25,359,081
Total income recognised for the year	-	-	-	135,701	25,359,081	25,494,782
Purchase of treasury share (note 21)	-	(527,113)	-	-	-	(527,113)
Dividends (note 36)	-	-	-	-	(14,353,684)	(14,353,684)
<b>At 31.12.06</b>	72,000,000	(527,113)	-	8,749	21,985,006	93,466,642
Foreign exchange translation differences	-	-	-	20,364	-	20,364
Net profit for the year	-	-	-	-	20,811,397	20,811,397
Total income recognised for the year	-	-	-	20,364	20,811,397	20,831,761
Purchase of treasury shares (note 21)	-	(236,917)	-	-	-	(236,917)
Dividends (note 36)	-	-	-	-	(13,117,878)	(13,117,878)
<b>At 31.12.07</b>	72,000,000	(764,030)	-	29,113	29,678,525	100,943,608

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

CONSOLIDATED **CASH FLOW STATEMENT** FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTE	2007 RM	2006 RM
<b>Cash Flows from Operating Activities</b>			
Profit before taxation		27,652,019	34,969,207
Adjustments for :-			
Gain on compulsory acquisition of freehold land		(2,145,736)	-
Write down of investments		35,868	-
Amortisation of intangible assets		1,059	-
Change in fair value of investment properties		30,000	(1,517,000)
Depreciation of property, plant and equipment		4,178,987	4,621,883
Impairment loss on goodwill		-	120,971
Impairment loss on capital work-in-progress		-	391,778
Inventories written off		-	544,112
Bad debts written off		-	31,030
Impairment loss on non-current assets held for sale		-	686,314
Unrealised loss/(gain) on foreign exchange		141,853	(11,034)
Loss on disposal of investments		266,105	-
Loss/(Gain) on disposal of property, plant and equipment		30,203	(79,194)
Property, plant and equipment written off		141,317	186,824
Retirement benefits expense		1,256,209	1,264,315
Employee benefits expense		283,637	182,438
Interest expenses		36,045	44,919
Investment income		(808,183)	(228,819)
Interest revenue		(285,626)	(389,534)
Operating profit before working capital changes		30,813,757	40,818,210
Decrease in inventories		311,033	4,534,048
Decrease/(Increase) in receivables		1,776,046	(3,236,538)
(Decrease)/Increase in payables		(2,220,200)	203,829
Cash generated from operations		30,680,636	42,319,549
Interest expenses		(36,045)	(44,919)
Interest revenue		285,626	389,534
Tax paid		(5,780,329)	(9,675,405)
Net cash generated from operating activities carried down		25,149,888	32,988,759



CONSOLIDATED **CASH FLOW STATEMENT** FOR THE YEAR ENDED 31 DECEMBER 2007 (contd's)

	NOTE	2007 RM	2006 RM
Net cash generated from operating activities brought down		25,149,888	32,988,759
<b>Cash Flows from Investing Activities</b>			
Net compensation received from compulsory acquisition of freehold land		5,640,938	-
Acquisition of subsidiary company, net of cash acquired	37	-	-
Purchase of investments		(3,800,000)	(14,818,974)
Purchase of property, plant and equipment	38	(4,555,821)	(968,115)
Purchase of intangible assets		(30,519)	-
Proceeds from disposal of investments		13,210,633	-
Proceeds from disposal of property, plant and equipment		169,814	169,420
Proceeds from the sale of leasehold land		5,258,770	-
Capital work-in-progress incurred		-	(638,141)
Net cash generated from/(used in) investing activities		15,893,815	(16,255,810)
<b>Cash Flows from Financing Activities</b>			
Repayment of term loans		(4,558,402)	(324,422)
Purchase of treasury shares		(236,917)	(527,113)
Repayment of hire purchase liabilities		(5,013)	(112,914)
Repayment of short term bank borrowings		(464,000)	(216,000)
Dividend paid		(20,991,562)	(6,480,000)
Net cash used in financing activities		(26,255,894)	(7,660,449)
Effect of exchange rate changes		38,115	288,351
<b>Net increase in cash and cash equivalents</b>		14,825,924	9,360,851
Cash and cash equivalents at beginning of the year		16,470,641	7,115,390
Effects of exchange rate changes on cash and cash equivalents		(10,025)	(5,600)
<b>Cash and cash equivalents at end of the year</b>	39	<b>31,286,540</b>	<b>16,470,641</b>

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

BALANCE SHEET AS AT 31 DECEMBER 2007

	NOTE	2007 RM	2006 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	884,165	609,882
Investment properties	6	9,935,000	9,965,000
Investment in subsidiary companies	7	58,184,405	56,784,405
Other receivables, deposits and prepayments	10	-	21,146
Deferred tax assets	11	244,000	-
		69,247,570	67,380,433
<b>Current assets</b>			
Trade receivables	13	26,461	23,712
Other receivables, deposits and prepayments	10	113,508	100,018
Tax assets	14	960,289	268,016
Amount owing b subsidiary companies	15	10,068,814	8,232,286
Investments	16	2,542,959	2,036,039
Dividend receivable		-	7,884,000
Cash and bank balances		15,413,722	439,336
		29,125,753	18,983,407
<b>TOTAL ASSETS</b>		<b>98,373,323</b>	<b>86,363,840</b>

BALANCE SHEET AS AT 31 DECEMBER 2007 (cont'd)

	NOTE	2007 RM	2006 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	72,000,000	72,000,000
Reserves	21	16,057,120	3,542,682
<b>Total equity</b>		<b>88,057,120</b>	<b>75,542,682</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefits	24	9,586,023	1,405,640
Deferred tax liabilities	11	-	25,000
		9,586,023	1,430,640
<b>Current liabilities</b>			
Other payables, deposits and accruals	26	691,782	1,500,190
Amount owing to subsidiary companies	15	589	-
Provision for employees benefits	27	37,809	16,644
Dividend payable		-	7,873,684
		730,180	9,390,518
<b>Total liabilities</b>		<b>10,316,203</b>	<b>10,821,158</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>98,373,323</b>	<b>86,363,840</b>

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

INCOME **STATEMENT** FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTE	2007 RM	2006 RM
Operating revenue	31	44,843,945	37,441,161
Direct operating costs	32	(153,327)	(100,965)
<b>Gross profit</b>		44,690,618	37,340,196
Other operating revenue		228,290	1,735,986
Administrative costs		(9,119,460)	(7,331,664)
Other operating costs		(225,461)	(127,113)
		(9,344,921)	(7,458,777)
<b>Profit from operations</b>		35,573,987	31,617,405
Finance costs		(7,480)	(22,629)
<b>Profit before taxation</b>	33	35,566,507	31,594,776
Taxation	34	(9,697,274)	(8,993,008)
<b>Net profit for the year</b>		<b>25,869,233</b>	<b>22,601,768</b>

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

STATEMENT OF **CHANGES IN EQUITY** FOR THE YEAR ENDED 31 DECEMBER 2007

	<b>Share Capital RM</b>	<b>Non- Distributable Treasury Share RM</b>	<b>Distributable Retained Earnings RM</b>	<b>Total Equity RM</b>
<b>At 1.1.06</b>	60,000,000	-	7,821,711	67,821,711
Bonus issue	12,000,000	-	(12,000,000)	-
Purchase of treasury shares (note 21)	-	(527,113)	-	(527,113)
Net profit for the year	-	-	22,601,768	22,601,768
Dividends (note 36)	-	-	(14,353,684)	(14,353,684)
<b>At 31.12.06</b>	<b>72,000,000</b>	<b>(527,113)</b>	<b>4,069,795</b>	<b>75,542,682</b>
Purchase of treasury shares (note 21)	-	(236,917)	-	(236,917)
Net profit for the year	-	-	25,869,233	25,869,233
Dividends (note 36)	-	-	(13,117,878)	(13,117,878)
<b>At 31.12.07</b>	<b>72,000,000</b>	<b>(764,030)</b>	<b>16,821,150</b>	<b>88,057,120</b>

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTE	2007 RM	2006 RM
<b>Cash Flows from Operating Activities</b>			
Profit before taxation		35,566,507	31,594,776
Adjustments for:-			
Dividend revenue		(38,965,619)	(30,947,207)
Depreciation of property, plant and equipment		99,907	12,677
Change in fair value of investment properties		30,000	(1,517,000)
Retirement benefits expense		(1,013,140)	732,004
Loss on foreign exchange - unrealised		1,969	-
Loss on disposal of investment		75,612	-
Property, plant and equipment written off		711	-
Provision of employee benefits		37,809	16,644
Investment income		(156,145)	(36,039)
Interest expenses		7	85
Interest revenue		(71,264)	(182,197)
Operating loss before working capital changes		(2,367,366)	(326,257)
(Increase)/decrease in receivables		(11,737)	92,606
(Decrease)/Increase in payables		(808,408)	690,743
Cash generated from operations		(3,187,511)	457,092
Interest paid		(7)	(85)
Dividend received		36,328,902	14,505,989
Interest revenue received		71,264	182,197
Tax paid		(137,830)	(507,047)
Net cash generated from operating activities		33,074,818	14,638,146
<b>Cash Flows from Investing Activities</b>			
Repayment from/(Advances to) subsidiary companies		5,329,335	(5,582,512)
Purchase of investments		(3,800,000)	(2,000,000)
Additional investment in subsidiary companies		(1,400,000)	(100,000)
Proceeds from disposal of investments		3,373,613	36,039
Purchase of property, plant and equipment	38	(374,901)	(612,479)
Net cash generated from/(used in) investing activities		3,128,047	(8,294,991)
Balance carried down		36,202,865	6,343,155

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

CASH FLOW **STATEMENT** FOR THE YEAR ENDED 31 DECEMBER 2007 (cont'd)

	NOTE	2007 RM	2006 RM
Balance brought down		36,202,865	6,343,155
<b>Cash Flows from Financing Activities</b>			
Purchase of treasury shares		(236,917)	(527,113)
Dividend paid		(20,991,562)	(6,480,000)
Net cash used in financing activities		(21,228,497)	(7,007,113)
<b>Net increase/(decrease) in cash and cash equivalents</b>		14,974,386	(663,958)
Cash and cash equivalents at beginning of the year		439,336	1,103,294
<b>Cash and cash equivalents at the end of the year</b>	39	15,413,722	439,336

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 2007

### 1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at Wisma CNI, No. 2, Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

The ultimate holding company of the Company is Marvellous Heights Sdn. Bhd., a private limited company incorporated in Malaysia.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in note 7 to the financial statements. There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 23 April 2008.

### 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities issued by the Malaysian Accounting Standards Board ("MASB").

The measurement bases applied in the presentation of the financial statement of the Group and of the Company included cost, recoverable amount, realisable value and fair value. Estimates are used in measuring these values.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All financial information presented in RM has been rendered to nearest RM unless otherwise stated.

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are recognized in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

- (i) Depreciation of property, plant and equipment (note 4) – The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 10 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation changes could be revised.
- (ii) Impairment of property, plant and equipment and intangible assets (note 4 and 9) – The measurement of the recoverable amount of cash generating units ("CGU") are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

- (iii) Annual testing for impairment of goodwill (note 8) - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management covering a 5-year period. For cash flows beyond the fifth year period, it is extrapolated using estimated growth rates and discount rates applied to the cash flow projections.
- (iv) Deferred tax assets (Note 11) - deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group and of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

On 1 January 2007, the accounting policies adopted by the Company are consistent with those adopted in previous year except for the adoption of the following Financial Reporting Standards ("FRS") issued by MASB mandatory for financial period beginning on and after 1 October 2006.

FRS 6	Exploration for and Evaluation of Mineral Resource
FRS 117	Leases
FRS 124	Related Party Disclosures

FRS 6 is not relevant to the Group's and the Company's operations.

The adoption of these FRS standards does not have any material financial impact on the Group and on the Company, or any significant changes in accounting policies of the Group and of the Company.

#### **New and revised FRSS, Amendments to FRSS and Issues Committee ("IC") Interpretations not adopted**

		<b>For financial periods beginning on or after</b>
Amendment to FRS 121	The effects of Changes in Foreign Exchange Rates – net investment in foreign operation	1 July 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure Of Government Assistance	1 July 2007
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provision, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007
FRS 139	Financial Instruments : Recognition and Measurement	Yet to be determined

The adoption of FRS 107, 112, 118, 119, 134, 137 and amendment to FRS 121 does not have any significant financial impact on the results and the financial position of the Company when these standards become effective to the Company.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 111, 120, 126 and 129 are not relevant to the Group's operations.

The Group and the Company have not early adopted FRS 139 - Financial Instruments : Recognition and Measurement, for which MASB has yet to announce the effective date. The impact of applying this standard on this financial statement upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS139.

### (a) Basis of Consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiary companies which are disclosed in note 7 to the financial statements made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiary companies are consolidated using the purchase method, from the dated acquisition being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit and loss.

### **(b) Subsidiary Company**

A subsidiary company is an enterprise in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost or revalued amount less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement. On disposal of revalued investments, the amounts in revaluation reserve account relating to the investments disposed are transferred to retained earnings.

Investments in subsidiary companies shall be revalued at a regular interval of at least once in every 5 years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued investments differ materially from the underlying net tangible asset values of the subsidiary companies.

A surplus arising therefrom is credited to investment revaluation reserve. However, a surplus will be recognised as revenue to the extent that it reverses a revaluation deficit of the same investment previously recognised as an expense. A deficit arising therefrom is recognised as an expense. However, a deficit will be set-off against any related revaluation surplus to the extent that the deficit does not exceed the amount held in investment revaluation reserve in respect of the same investment.

### **(c) 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 subsidiary companies 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 interest in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

### **(d) Other Intangible Assets**

#### **Computer software**

Computer software acquired separately are measured on initial recognition at cost. These assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Computer software is amortised at annual rate of 10% on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### (e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Freehold land is not depreciated and all other property, plant and equipment are depreciated on the straight line method to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Buildings	2%
Motor vehicles	10% - 15%
Plant and machinery and laboratory equipment	10%
Office equipment and furniture and fittings	10%
Renovation and electrical fittings	10%

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

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

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.

Gain or loss arising from the disposal of a property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and is recognised in the income statement.

### (f) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit and loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit and loss in the year in which they arise.

### **(g) Impairment of Assets**

The carrying amounts of assets other than inventories, deferred tax assets, financial assets and investment property that is measured at fair value and are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost of sales and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. However, an impairment loss of a revalued asset will be treated as a revaluation deficit to the extent that the loss does not exceed the amount held in revaluation reserve in respect of the same asset

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement. However, the reversal of impairment loss on a revalued asset will be treated as revaluation surplus to the extent that the reversal does not exceed the amount previously held in revaluation reserve in respect of the same asset.

### **(h) Capital Work-In-Progress**

Capital work-in-progress is stated at cost 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.

### **(i) Inventories**

Inventories are stated at the lower of cost and net realisable value and cost is determined on the weighted average basis or first-in-first-out basis. Cost includes the actual cost of purchase and incidentals in bringing the inventories into store. The cost of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

### **(j) Non-current Assets Held for Sale**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before reclassification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

### (k) Employee Benefits

#### i. Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the 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 are 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 the absences occur.

#### ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

#### iii. Retirement Benefit Plans

The Group operates an unfunded defined benefit plans for eligible directors as provided in the services contract agreements between the companies in the CNI Group and their directors.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees would have earned in return for their service in the current and prior years, that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds.

The calculation is performed by an actuary using the projected unit credit method. In the intervening years, the calculation may be updated by the actuary based on approximations unless material changes in demographics or business processes have been identified that would cause doubt in the application of approximations, in which case detailed analysis would be necessary at the interim date. The most recent review was performed in January 2008.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement 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 the income statement.

In calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

### (l) Foreign Currencies

#### i. Transactions in foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies 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. Foreign currency differences arising on retranslation are recognised in the income statement.



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period.

### ii. Translation of foreign currency financial statements

Assets, liabilities and reserves of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income statements items are translated at the average rate of exchange for the year which approximate the exchange rate at the date of transaction. The translation differences arising therefrom are recorded as movement in translation reserve. Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January, 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

### (m) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is provided 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 goodwill or negative goodwill or 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 profit nor taxable profit. 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.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

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

### (n) Revenue Recognition

#### i. Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### ii. Rental revenue

Rental revenue from investment property is recognised in the income statement 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.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### iii. Dividend revenue

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

### iv. Interest revenue

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

### v. Management Fees

Management fees are recognised when services are rendered.

### (o) Provisions

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage is recognised as finance costs.

### (p) Borrowing Costs

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

All other borrowings are recognised in income statement in the period in which they are incurred.

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### (q) Finance Leases

Assets acquired by way of hire purchase or finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### (r) 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 income statement 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.

### (s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### (t) Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The recognised financial instruments comprise cash and cash equivalents, cash deposits, trade and other receivables, trade and other payables, bank borrowings, marketable securities and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments are financial guarantees given to subsidiary companies. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

#### i. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which is the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

#### ii. Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### iii. Interest Bearings Bank Borrowings

Interest bearing bank borrowings which include term loans, suppliers credit financing scheme and bank overdrafts are stated at the amount of proceeds received, net of transaction costs.

#### iv. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### v. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### vi. Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in income statement.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Buildings RM	Plant, Machinery & Laboratory Equipment RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
<b>Group</b>						
<b>Cost</b>						
At 1.1.07	8,116,299	32,980,442	21,399,462	4,181,095	15,878,592	82,555,890
Additions	-	186,635	708,009	375,932	3,285,245	4,555,821
Disposals	(3,495,202)	-	(73,619)	(204,382)	(267,551)	(4,040,754)
Written off	-	-	(225,687)	(1,352)	(483,551)	(710,590)
Translation adjustments	-	-	-	-	(12,326)	(12,326)
At 31.12.07	<b>4,621,097</b>	<b>33,167,077</b>	<b>21,808,165</b>	<b>4,351,293</b>	<b>18,400,409</b>	<b>82,348,041</b>
<b>Accumulated Depreciation</b>						
At 1.1.07	-	4,892,651	10,706,366	1,694,162	8,556,125	25,849,304
Charge for the year	-	663,030	1,762,424	449,588	1,303,945	4,178,987
Disposals	-	-	(68,008)	(124,608)	(152,919)	(345,535)
Written off	-	-	(186,168)	(1,350)	(381,755)	(569,273)
Translation adjustments	-	-	-	-	(4,600)	(4,600)
At 31.12.07	-	<b>5,555,681</b>	<b>12,214,614</b>	<b>2,017,792</b>	<b>9,320,796</b>	<b>29,108,883</b>
<b>Net Book Value</b>						
At 31.12.07	<b>4,621,097</b>	<b>27,611,396</b>	<b>9,593,551</b>	<b>2,333,501</b>	<b>9,079,613</b>	<b>53,239,158</b>
<b>Cost</b>						
At 1.1.06	7,986,854	41,887,101	22,123,666	4,181,645	16,321,702	92,500,968
Additions	129,445	-	249,878	-	604,792	984,115
Disposals	-	-	(966,600)	-	(7,747)	(974,347)
Written off	-	-	(7,482)	(550)	(1,028,108)	(1,036,140)
Transfer from capital work- in-progress	-	638,141	-	-	-	638,141
Transfer to non-current assets held for sale	-	(9,357,200)	-	-	-	(9,357,200)
Translation adjustments	-	(187,600)	-	-	(12,047)	(199,647)
At 31.12.06	<b>8,116,299</b>	<b>32,980,442</b>	<b>21,399,462</b>	<b>4,181,095</b>	<b>15,878,592</b>	<b>82,555,890</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

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

	Freehold Land RM	Buildings RM	Plant, Machinery & Laboratory Equipment RM	Motor Vehicles RM	Furniture, Fittings & Equipment RM	Total RM
<b>Group</b>						
<b>Accumulated Depreciation</b>						
At 1.1.06	-	4,889,262	9,628,453	1,203,354	8,079,682	23,800,751
Charge for the year	-	839,457	1,956,540	491,110	1,334,776	4,621,883
Disposals	-	-	(871,152)	-	(12,969)	(884,121)
Written off	-	-	(7,475)	(302)	(841,539)	(849,316)
Transfer to non-current assets held for sale	-	(826,552)	-	-	-	(826,552)
Translation adjustments	-	(9,516)	-	-	(3,825)	(13,341)
At 31.12.06	-	<b>4,892,651</b>	<b>10,706,366</b>	<b>1,694,162</b>	<b>8,556,125</b>	<b>25,849,304</b>
<b>Accumulated Impairment Loss</b>						
At 1.1.06	-	2,624,820	-	-	-	2,624,820
Transfer to non-current assets held for sale	-	(2,573,230)	-	-	-	(2,573,230)
Translation adjustments	-	(51,590)	-	-	-	(51,590)
At 31.12.06	-	-	-	-	-	-
<b>Net Book Value</b>						
At 31.12.06	<b>8,116,299</b>	<b>28,087,791</b>	<b>10,693,096</b>	<b>2,486,933</b>	<b>7,322,467</b>	<b>56,706,586</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

	Air Conditioners RM	Renovation RM	Office Equipment, Furniture & Fittings RM	Motor Vehicles RM	Electrical Installation RM	Computer Hardware RM	Total
<b>Company</b>							
<b>Cost</b>							
At 1.1.07	7,747	704	10,051	601,778	3,735	11,055	635,070
Additions	-	-	939	351,240	-	22,722	374,901
Written off	-	(704)	(1,599)	-	(110)	-	(2,413)
At 31.12.07	<b>7,747</b>	<b>-</b>	<b>9,391</b>	<b>953,018</b>	<b>3,625</b>	<b>33,777</b>	<b>1,007,558</b>
<b>Accumulated Depreciation</b>							
At 1.1.07	5,811	526	5,027	10,030	2,789	1,005	25,188
Charge for the year	775	39	1,010	95,302	370	2,411	99,907
Written off	-	(565)	(1,059)	-	(78)	-	(1,702)
At 31.12.07	<b>6,586</b>	<b>-</b>	<b>4,978</b>	<b>105,332</b>	<b>3,081</b>	<b>3,416</b>	<b>123,393</b>
<b>Net Book Value</b>							
At 31.12.07	<b>1,611</b>	<b>-</b>	<b>4,413</b>	<b>847,686</b>	<b>544</b>	<b>30,361</b>	<b>884,165</b>
<b>Cost</b>							
At 1.1.06	7,747	704	6,925	-	3,735	3,480	22,591
Additions	-	-	3,126	601,778	-	7,575	612,479
At 31.12.06	<b>7,747</b>	<b>704</b>	<b>10,051</b>	<b>601,778</b>	<b>3,735</b>	<b>11,055</b>	<b>635,070</b>
<b>Accumulated Depreciation</b>							
At 1.1.06	5,036	456	4,255	-	2,416	348	12,511
Charge for the year	775	70	772	10,030	373	657	12,677
At 31.12.06	<b>5,811</b>	<b>526</b>	<b>5,027</b>	<b>10,030</b>	<b>2,789</b>	<b>1,005</b>	<b>25,188</b>
<b>Net Book Value</b>							
At 31.12.06	<b>1,936</b>	<b>178</b>	<b>5,024</b>	<b>591,748</b>	<b>946</b>	<b>10,050</b>	<b>609,882</b>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 4 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the property, plant and equipment of the Group are:-

- (a) Net book value of property, plant and equipment pledged as securities for banking facilities granted to the subsidiary companies as mentioned in notes 23, 28 and 29 to the financial statements as follows:-

	GROUP	
	2007 RM	2006 RM
Freehold land and buildings	24,356,596	24,859,416
Freehold land	-	3,495,202
Plant and machinery	-	2,731,905
	<b>24,356,596</b>	<b>31,086,523</b>

- (b) The freehold land of a subsidiary company, Exclusive Mark (M) Sdn. Bhd., which was subject to land acquisition under the Land Acquisition Act, 1960 on the 11 October 2001 pending judicial review at the Shah Alam High Court has been settled on 31 July 2007 with a cash compensation of RM5,760,938/- comprising of compensation for land amounting to RM4,142,600/- together with interest thereon amounting to RM1,618,338/-.

- (c) The freehold land of a subsidiary company, CNI Enterprise (M) Sdn. Bhd., at cost of RM4,621,097/- (2006 : RM4,621,097/-) is held under an individual title registered in the name of the developer pending transfer to the subsidiary company.

- (d) Net book value of office equipment acquired under hire purchase arrangements are as follows:-

	GROUP	
	2007 RM	2006 RM
Office equipment	<b>23,130</b>	<b>25,965</b>

### 5. CAPITAL WORK-IN-PROGRESS

	GROUP	
	2007 RM	2006 RM
At cost:		
At beginning of the year	391,779	391,779
Additions during the year	-	638,141
Transferred to property, plant and equipment	-	(638,141)
At end of the year	391,779	391,779
Less: Impairment loss	(391,778)	(391,778)
	<b>1</b>	<b>1</b>



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 5. CAPITAL WORK-IN-PROGRESS (cont'd)

Capital work-in-progress is in respect of acquisition of a service apartment by a subsidiary company, Exclusive Mark (M) Sdn. Bhd.. This development project was abandoned by the developer when it was 85% completed. Negotiation is in progress to allow the landowner of this development project to takeover and complete the development pending application to the High Court.

This construction in progress is charged for a term loan facility granted by a financial institution to the subsidiary company concerned as mentioned in note 23 to the financial statements.

### 6. INVESTMENT PROPERTIES

	GROUP/COMPANY	
	2007 RM	2006 RM
At beginning of the year	9,965,000	8,448,000
Change in fair value	(30,000)	1,517,000
At end of the year	<b>9,935,000</b>	<b>9,965,000</b>

The following investment properties are held under lease terms:

	GROUP/COMPANY	
	2007 RM	2006 RM
Leasehold land	850,000	850,000
Leasehold shophouse	760,000	760,000
Leasehold factory and office	1,300,000	1,400,000
Leasehold shoplots	6,800,000	6,730,000
Leasehold condominium	225,000	225,000
	<b>9,935,000</b>	<b>9,965,000</b>

The fair value of investment properties are estimated based on valuation by independent professionally qualified valuers.

Subsequent to the year end, the Company entered into a Sales and Purchase agreement to dispose certain leasehold land, factory and office for a cash consideration of RM2,150,000/- as mentioned in Note 46 to the financial statements.

In previous year, investment properties amounting to RM4,330,000/- were pledged as securities to the financial institutions for bank overdraft facilities granted to the Company. During the current financial year, the Company terminated the said bank overdraft facilities and the discharge on these investment properties are in progress as at the date of this report.

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

7. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2007 RM	2006 RM
Unquoted shares		
At cost	1,500,000	100,000
At valuation	56,684,405	56,684,405
	<b>58,184,405</b>	<b>56,784,405</b>

The Directors revalued the entire investment in subsidiary companies based on the net tangible assets of the respective subsidiary companies as at 31 December 2004.

The particulars of the subsidiary companies are as follow:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2007	2006
<b>Held by the Company</b>				
CNI Enterprise (M) Sdn. Bhd.	Malaysia	Multi-level marketing of health care and consumer products	100%	100%
Exclusive Mark (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages	100%	100%
Q-Pack (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of household and personal care products	100%	100%
Key Elite (M) Sdn. Bhd.	Malaysia	Business of e-commerce in all kinds of commercial trading	100%	100%
Infuso Sdn, Bhd. (formerly known as Famous Paradise Sdn. Bhd.)	Malaysia	Operation of food and beverage outlets	100%	-
<b>Held Through CNI Enterprise (M) Sdn. Bhd.</b>				
Creative Network International (S) Pte. Ltd. #	Singapore	Multi-level marketing of health care and consumer products	100%	100%

# The financial statements of this subsidiary company is audited by a member firm of Moore Stephens International.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

8. GOODWILL

	GROUP	
	2007 RM	2006 RM
<b>Cost</b>		
At beginning of the year	123,008	123,008
Additions during the year	-	-
At end of the year	123,008	123,008
<b>Accumulated Impairment</b>		
At beginning of the year	120,971	-
Charge during the year	-	120,971
At end of the year	120,971	120,971
Carrying amount	<b>2,037</b>	<b>2,037</b>

9. OTHER INTANGIBLE ASSETS

	GROUP	
	2007 RM	2006 RM
<b>Computer software</b>		
<b>Cost</b>		
At beginning of the year	-	-
Additions during the year	30,519	-
At end of the year	30,519	-
<b>Amortisation</b>		
At beginning of the year	-	-
Charge during the year	1,059	-
At end of the year	1,059	-
Carrying amount	<b>29,460</b>	-

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-current Other receivables				
External parties	<b>331,207</b>	<b>537,369</b>	-	<b>21,146</b>
Current Other receivables	1,656,523	1,716,456	14,706	19,416
Less: Allowance for doubtful Debts	(139,467)	(139,467)	-	-
	1,517,056	1,576,989	14,706	19,416
Deposits	1,038,262	607,653	66,078	35,658
Prepayments	1,648,108	2,794,103	32,724	44,944
	<b>4,203,426</b>	<b>4,978,745</b>	<b>113,508</b>	<b>100,078</b>

Included in other receivables of the Group and of the Company is staff car loans amounting to RM513,966/- (2006 : RM794,225/-) and RM13,866/- (2006 : RM40,562/-) respectively, which bears interest at rates ranging from 0.5% to 3.5% (2006 : 0.5% to 3.5%) per annum.

Included in prepayments of the Group is an amount of RM962,803/- (2006 : RM2,042,950/-) being amount incurred for acquisition of computer software for the computerised operating system of the subsidiary company, CNI Enterprise (M) Sdn. Bhd.

The maturity profile and effective interest rates of the staff car loans are as follows:-

	Effective Interest Rate %	Total RM	Maturities					After 5 years RM
			Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	
<b>Group</b>								
<b>2007 Financial Assets</b>								
Staff car loans	0.50 - 3.50	513,966	182,759	114,738	105,395	76,241	33,385	1,448
<b>2006 Financial Assets</b>								
Staff car loans	0.50 - 3.50	794,225	256,856	202,972	117,929	105,395	76,241	34,832
<b>Company</b>								
<b>2007 Financial Assets</b>								
Staff car loans	0.50 - 3.50	13,866	13,866	-	-	-	-	-
<b>2006 Financial Assets</b>								
Staff car loans	0.50 - 3.50	40,562	19,416	21,146	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

11. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax assets</b>				
At beginning of the year	1,912,400	2,609,500	-	324,000
Transfer from/(to) income Statements (note 34)	52,100	(697,100)	244,000	(324,000)
At end of the year	<b>1,964,500</b>	<b>1,912,400</b>	<b>244,000</b>	-

Presented after appropriate off-setting as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Deferred tax assets	3,514,300	2,899,900	628,200	-
Deferred tax liabilities	(1,549,800)	(987,500)	(384,200)	-
	<b>1,964,500</b>	<b>1,912,400</b>	<b>244,000</b>	-

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax assets</b>				
Retirement benefits	2,768,000	2,226,900	605,000	-
in respect of expenses	4,300	-	-	-
Provision for employee benefits	70,200	43,300	9,000	-
Unrealised loss on foreign exchange	34,400	60,700	-	-
Unabsorbed capital allowances	39,400	-	14,200	-
Unrealised profits on inventories	598,000	569,000	-	-
	<b>3,514,300</b>	<b>2,899,900</b>	<b>628,200</b>	-

Presented after appropriate off-setting as follows:-

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:-  
(cont'd)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax liabilities</b>				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(1,178,000)	(987,500)	(12,400)	-
Change in fair value of investment properties	(371,800)	-	(371,800)	-
	<b>1,549,800</b>	<b>(987,500)</b>	<b>(384,200)</b>	-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax liabilities</b>				
At beginning of the year	(1,388,500)	(1,440,200)	(25,500)	-
Transfer (from)/to income statements (note 34)	(216,900)	51,700	25,000	(25,000)
At end of the year	<b>(1,605,400)</b>	<b>(1,388,500)</b>	-	<b>(25,000)</b>

Presented after appropriate off-setting as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Deferred tax liabilities	(2,007,000)	(2,140,300)	-	(399,600)
Deferred tax assets	401,600	751,800	-	374,600
At end of the year	<b>(1,605,400)</b>	<b>(1,388,500)</b>	-	<b>(25,000)</b>

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax liabilities</b>				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(2,007,000)	(1,745,880)	-	(5,180)
Change in fair value of investment properties	-	(394,420)	-	(394,420)
	<b>2,007,000</b>	<b>(2,140,300)</b>	-	<b>(399,600)</b>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:-  
(cont'd)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Deferred tax assets</b>				
Retirement benefits	401,600	742,700	-	365,500
Unabsorbed capital allowances	-	4,800	-	4,800
Provision for employee benefits	-	4,300	-	4,300
	<b>401,600</b>	<b>751,800</b>	<b>-</b>	<b>374,600</b>

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

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Unabsorbed capital allowances	(2,600)	(117,147)	-	-
Unutilised tax losses	(962,000)	(867,900)	-	-
	<b>(964,600)</b>	<b>(985,047)</b>	<b>-</b>	<b>-</b>

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the foreign subsidiary company is subject to no substantial changes in its shareholders under Section 37(12) and 37(14) of the Singapore Income Tax Act.

## 12. INVENTORIES

	GROUP	
	2007 RM	2006 RM
At cost:		
Raw materials	4,408,551	4,830,250
Work-in-progress	101,718	109,036
Consumable tools	13,145	-
Packaging materials	2,114,005	2,498,937
Merchandised goods	14,080,440	13,463,079
Finished goods	780,565	964,912
Sales aid items	1,029,753	1,517,108
	22,528,177	23,383,322
Less: Amount written off	-	(544,112)
	<b>22,528,177</b>	<b>22,839,210</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

13. TRADE RECEIVABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
External parties	5,639,743	7,416,026	34,464	31,715
Related parties	557,866	241	-	-
	6,197,609	7,416,267	34,464	31,715
Less: Allowance for doubtful debts	(127,689)	(127,689)	(8,003)	(8,003)
	<b>6,069,920</b>	<b>(987,500)</b>	<b>26,461</b>	<b>23,712</b>

The Group's and the Company's normal trade credit term extended to customers ranges from 30 to 60 days and within 30 days respectively.

Included in trade receivables are amounts owing by the following:-

	GROUP	
	2007 RM	2006 RM
(a) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Chew Boon Swee, Cheong Chin Tai and Law Yang Ket have substantial financial interests and Messrs. Tan Sia Swee and Chew Boon Siew are also directors - CNI Venture Sdn. Bhd.	915	241
(b) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Chew Boon Swee, Cheong Chin Tai, Tan Sia Swee and Law Yang Ket have substantial financial interests and are also directors - CNI Corporation Sdn. Bhd.	177	-
(c) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Chew Boon Swee, Cheong Chin Tai, Tan Sia Swee and Law Yang Ket have substantial financial interests and Mr. Tan Sia Swee is also director - Global Business Network Sdn. Bhd. - CNI Hong Kong Limited.	199 367,338	- -
Balance carried down	<b>368,629</b>	<b>241</b>



NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

Included in trade receivables are amounts owing by the following (cont'd):-

	GROUP	
	2007 RM	2006 RM
Balance brought down	368,629	241
(d) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Chew Boon Swee, Cheong Chin Tai, Tan Sia Swee and Law Yang Ket have substantial financial interests. - Leader Regent Inc.	189,237	-
	<b>557,866</b>	<b>241</b>

The foreign currency exposure profile for trade receivables is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	<b>1,063,628</b>	<b>1,347,319</b>

Further details on related parties transactions are disclosed in note 43 to the financial statements.

14. TAX ASSETS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Tax paid in advance	834,107	1,450,533	765,819	73,546
Tax recoverable	1,290,018	853,708	194,470	194,470
	<b>2,124,125</b>	<b>2,304,241</b>	<b>(960,289)</b>	<b>268,016</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

15. AMOUNT OWING BY SUBSIDIARY COMPANIES/(TO SUBSIDIARY COMPANY)

	COMPANY	
	2007 RM	2006 RM
In respect of amount owing by:-		
Exclusive Mark (M) Sdn. Bhd.	1,267,258	6,547,188
Creative Network International (S) Pte. Ltd.	406,354	296,569
Q-Pack (M) Sdn. Bhd.	586,193	877,882
CNI Enterprise (M) Sdn. Bhd.	7,756,191	504,435
Key Elite Sdn. Bhd.	52,818	6,212
	<b>10,068,814</b>	<b>8,232,286</b>
In respect of amount owing to:-		
Infuso Sdn. Bhd.	(589)	-

These amounts are non-trade in nature, unsecured, interest free, payable on demand and to be settled in cash except for an amount of RM50,000/- owing by Key Elite Sdn. Bhd. which bears interest at the rate of 3.75% per annum.

In previous year these amounts were non-trade in nature, unsecured, interest free, payable on demand and to be settled in cash except for an amount of RM6,547,188/- owing by Exclusive Mark (M) Sdn. Bhd. which bore interest at the rate of 3.75% per annum of which RM3,000,000/- was repayable in six equal monthly instalment of RM500,000/- with effect from 1 January 2007 and the balance of RM3,547,188/- with no fixed term of repayment.

16. INVESTMENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Marketable securities				
At cost:				
Share quoted in Malaysia	345,181	358,425	-	-
Unit trusts quoted in Malaysia	5,798,189	14,689,368	2,542,959	2,036,039
	<b>6,143,370</b>	<b>15,047,793</b>	<b>2,542,959</b>	<b>2,036,039</b>
Market value	<b>6,143,370</b>	<b>16,746,084</b>	<b>2,542,959</b>	<b>2,036,039</b>

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

17. CASH DEPOSITS WITH LICENSED BANKS

The cash deposits with licensed banks of the Group bear effective interest at the rate of 2.80% to 4.00% (2006 : 1.70% to 3.70%) per annum and mature within one year.

The foreign currency exposure profile is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	<b>169,735</b>	<b>1,640,520</b>

18. CASH AND BANK BALANCES

The foreign currency exposure profile is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	1,316	1,027
Pound Sterling	81	81
Euro	4,537	4,537
Singapore Dollar	9,681	8,730
Brunei Dollar	15,514	12,235
Chinese Renminbi	13,010	-
Indian Rupee	2,418	-
Australia Dollar	9,675	-
	<b>56,232</b>	<b>26,610</b>

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

19. NON-CURRENT ASSETS HELD FOR SALE

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Leasehold building				
Transferred from property, plant and equipment	-	5,957,418	-	-
Impairment loss	-	(686,314)	-	-
Translation adjustments	-	(12,334)	-	-
At end of the year	-	<b>5,258,770</b>	-	-

In prior year the non-current assets held for sale is in respect of a subsidiary company, Creative Network International (S) Pte. Ltd., which has entered into an option to sell the property subsequent to the financial year end as mentioned in Note 45 to the financial statements.

Included in the impairment loss in prior year is transaction costs of RM119,473/- incurred on the sale of the leasehold building.

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20. SHARE CAPITAL

	GROUP/ COMPANY	
	2007 RM	2006 RM
Authorised: 1,000,000,000 ordinary shares of RM0.10 each	100,000,000	100,000,000
Issued and fully paid:		
At beginning of the year		
600,000,000 ordinary shares of RM0.10 each	-	60,000,000
720,000,000 ordinary shares of RM0.10 each	72,000,000	-
Bonus issue of 1 new share for every 5 existing RM0.10 each resulting in the issuance of 120,000,000	-	12,000,000
At end of the year	<b>72,000,000</b>	<b>72,000,000</b>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

21. RESERVES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Distributable</b>				
Retained earnings	29,678,525	21,985,006	16,821,150	4,069,795
<b>Non-distributable</b>				
Translation reserve	29,113	8,749	-	-
	29,707,638	21,993,755	16,821,150	4,069,795
Treasury shares	(764,030)	(527,113)	(764,030)	(527,113)
	<b>28,943,608</b>	<b>21,466,642</b>	<b>16,057,120</b>	<b>3,542,682</b>

**Treasury Shares**

The shareholders of the Company, by a special resolution passed in a general meeting held on 21 June 2007, 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.

During the financial year, the Company repurchased a total of 573,500 (2006 : 1,119,300) of its issued and fully paid-up ordinary shares from the open market at an average price of RM0.413 (2006: RM0.471) per share. The total consideration paid for the repurchased shares including transaction cost was RM236,917/- (2006 : RM527,113/-). The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The details of repurchase of treasury shares during the financial year are as follows:-

Month	No. of shares repurchased	Price per share			Total Consideration RM
		Highest RM	Lowest RM	Average RM	
<b>2007</b>					
March 2007	63,000	0.525	0.570	0.578	32,666
September 2007	195,900	0.420	0.405	0.413	80,909
October 2007	52,600	0.395	0.385	0.390	20,680
November 2007	262,000	0.395	0.390	0.393	102,662
	<b>573,500</b>				<b>236,917</b>
<b>2006</b>					
September 2006	141,200	0.495	0.485	0.490	69,531
October 2006	606,500	0.470	0.455	0.462	238,451
December 2006	371,600	0.450	0.480	0.465	174,131
	<b>1,119,300</b>				<b>527,113</b>

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

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

22. HIRE PURCHASE PAYABLES

	GROUP	
	2007 RM	2006 RM
Gross instalment payments	22,525	29,905
Less: Future finance charges	(3,177)	(5,544)
Total present value of hire purchase payables	<b>19,348</b>	<b>24,361</b>
Payable within one year		
Gross instalments payments	7,380	7,380
Less: Future finance charges	(1,694)	(2,367)
Present value of hire purchase payables	<b>5,686</b>	<b>5,013</b>
Payable more than 1 year but not more than 2 years		
Gross instalments payments	8,780	7,380
Less: Future finance charges	(1,058)	(1,694)
Present value of hire purchase payables	<b>7,722</b>	<b>5,686</b>
Payable more than 2 years but not more than 3 years		
Gross instalments payments	4,020	8,780
Less: Future finance charges	(363)	(1,058)
Present value of hire purchase payables	<b>2,283</b>	<b>7,722</b>
Payable more than 3 years but not more than 4 years		
Gross instalments payments	2,345	4,020
Less: Future finance charges	(62)	(363)
Present value of hire purchase payables	<b>3,657</b>	<b>3,657</b>
Payable more than 4 years but not more than 5 years		
Gross instalments payments	-	2,345
Less: Future finance charges	-	(62)
Present value of hire purchase payables	-	2,283
Total present value of hire purchase payables	<b>19,348</b>	<b>24,361</b>

The hire purchase payables of the Group bear effective interest rates of 2.75% to 7.50% (2006: 2.75% to 7.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

23. TERM LOANS - SECURED

	GROUP	
	2007 RM	2006 RM
Term loan I Repayable in equal monthly instalments over 15 years commencing upon full draw down at interest rate of 12.75% per annum (original), 8.5% per annum (revised)	186,297	195,217
Term loan II Repayable in equal monthly instalments over 15 years at fixed interest rate at 3.50% per annum for first year, 3.75% per annum for second year and 4.00% per annum thereafter	-	4,549,482
	<b>186,297</b>	<b>4,744,699</b>
Less: Transfer to liabilities directly associated with assets classified as held for sale (note 30)	-	(4,549,482)
	<b>186,297</b>	<b>195,217</b>

The term loan I of a subsidiary company, Exclusive Mark (M) Sdn. Bhd., is secured as follows:-

- (i) deed of assignment and private caveat on the property under construction being financed for term loan I; and
- ii) Joint and several guarantees by certain directors of the Company, Dato' Koh Peng Chor and Mr. Chew Boon Swee.

The term loan II of a subsidiary company, Creative Network International (S) Pte. Ltd. is secured as follows:-

- (i) Legal charge over the leasehold building of the subsidiary company concerned; and
- (ii) Corporate guarantee by a subsidiary company, CNI Enterprise (M) Sdn. Bhd.

The maturity profile and effective interest rates are as follows:-

	Effective Interest Rate %	Total RM	Maturities					After 5 years RM
			Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	
<b>Group</b>								
<b>2007 Financial Liability</b>								
Term loan	8.50%	186,297	19,534	21,261	23,140	25,185	27,412	69,765
<b>2006 Financial Liability</b>								
Term loan	8.50%	195,217	-	-	-	-	-	195,217

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 24. RETIREMENT BENEFITS

The movements in the net liabilities recognised in the balance sheets are as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Liability for defined benefit Obligations at 1 January	11,421,674	10,157,359	1,405,640	673,636
Current service costs and interest	1,256,209	1,264,315	1,013,140	732,004
Transfer from subsidiary company, CNI Enterprise (M) Sdn. Bhd.	-	-	7,167,243	-
Liability for defined benefit obligations at 31 December	<b>12,677,883</b>	<b>11,421,674</b>	<b>9,586,023</b>	<b>1,405,640</b>

The liabilities for defined benefit obligations recognised in the balance sheets are analysed as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Present value of unfunded obligations	10,884,706	11,421,674	8,493,828	1,405,640
Unrecognised net actuarial gain	1,793,177	-	1,092,195	-
	<b>12,677,883</b>	<b>11,421,674</b>	<b>9,586,023</b>	<b>1,405,640</b>

The expenses recognised in the income statements are analysed as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Current service cost	678,179	706,142	541,631	408,543
Interest cost	578,030	558,173	471,509	323,461
	<b>1,256,209</b>	<b>1,264,315</b>	<b>1,013,140</b>	<b>732,004</b>



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 24. RETIREMENT BENEFITS (cont'd)

Principal actuarial assumptions used at the balance sheet dates are as follow:-

	GROUP/COMPANY	
	2007 RM	2006 RM
Discount rate	5.75%	5.50%
Expected rate of salary increases	<b>5.00%</b>	<b>5.00%</b>

### 25. TRADE PAYABLES

The normal trade credit term granted by the trade creditors to the Group ranges from 30 to 90 days.

The foreign currency exposure profile for trade payables is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	<b>538,654</b>	<b>99,941</b>

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### 26. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	1,540,475	2,433,509	112,685	133,826
Deposits	5,247,360	4,893,564	150,650	174,744
Accruals	10,107,964	10,124,890	428,447	1,191,620
	<b>16,895,799</b>	<b>17,451,963</b>	<b>691,782</b>	<b>1,500,190</b>

Included in other payables of the Group are balances amounting to RM41,512/- (2006: RM82,389/-) owing to Citra Nusa Insan Cemerlang Investment Co., a company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket and Chew Boon Swee have substantial financial interests.

The foreign currency exposure profile for other payables is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	<b>47,185</b>	<b>228,365</b>

Further details on related parties transactions are disclosed in note 43 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

27. PROVISION FOR EMPLOYEES BENEFITS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
At beginning of the year	182,438	185,369	16,644	-
Additions	283,637	182,438	37,809	16,644
Incurred	(182,438)	(185,369)	(16,644)	-
At end of the year	<b>283,637</b>	<b>182,438</b>	<b>37,809</b>	<b>16,644</b>

This is in respect of provision for short term accumulating compensated absences for Directors and employees of the Group and the Company.

The provision is made based on the number of days of outstanding compensated absences of each employee multiplied by their respective salary/wages as at year end.

25. BANKERS' ACCEPTANCE

In previous year, the bankers' acceptance granted to a subsidiary company, Exclusive Mark (M) Sdn. Bhd. were secured and supported as follow:-

- (i) facility agreement stamped for as Principal Instrument;
- (ii) legal charges but pending issuance of individual title(s), Deed/Supplemental Deed of Assignments over an industrial land located at Lot No. 172, Jalan Pemaju, U1/15, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan as subsidiary instruments;
- (iii) letter of negative pledge;
- (iv) corporate guarantees given by the Company; and
- (v) joint and several guarantee by certain directors of the Company, Dato' Koh Peng Chor and Mr. Chew Boon Swee.

The effective interest rate for bankers' acceptance was 8.00% per annum and was repayable within one year.

The foreign currency exposure profile for bankers' acceptance was as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	-	464,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

29. BANK OVERDRAFTS - SECURED

	GROUP	
	2007 RM	2006 RM
Bank overdrafts	-	1,396,877

In previous year, the bank overdraft facilities granted to subsidiary companies were secured and supported as follow:-

- (i) first legal charge pending issuance of individual title where applicable over the freehold land and building of the subsidiary company concerned;
- (ii) letter of negative pledge of the subsidiary company concerned;
- (iii) corporate guarantee by the Company;
- (iv) joint and several guarantee by certain directors of the Company; and
- (v) facility agreement stamped for as Principal Instrument.

The effective interest rates ranged from 8.00% to 8.50% per annum and were repayable within one year.

30. LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP	
	2007 RM	2006 RM
Loan repayable in monthly instalments over 15 years at fixed interest rate at 3.50% per annum for first year, 2.75% per annum for second year and 4.00% per annum thereafter	-	4,549,482

In previous year, a subsidiary company, Creative Network International (S) Pte. Ltd., which has entered into an option to sell the non-current assets held for sale subsequent to the financial year end.

This loan was secured as follows:-

- (i) Legal charge over the leasehold building of the subsidiary company concerned; and
- (ii) Corporate guarantee by a subsidiary company, CNI Enterprise (M) Sdn. Bhd.

This loan matured within 1 year and the effective interest rate was 3.80% per annum.

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

31. OPERATING REVENUE

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of goods	179,596,793	203,525,570	-	-
Sale of food and beverages	49,489	-	-	-
Management fees	-	-	5,402,404	6,013,937
Rental revenue from investment properties	475,922	480,017	475,922	480,017
Dividend revenue	-	-	38,965,619	30,947,207
	<b>180,122,204</b>	<b>204,005,587</b>	<b>44,843,945</b>	<b>37,441,161</b>

32. DIRECT OPERATING COSTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Cost of sales	57,580,324	64,239,756	-	-
Cost of food and beverages sold	51,313	-	-	-
Operating expenses of investment properties - income generating	153,327	100,965	153,327	100,965
	<b>57,784,964</b>	<b>64,340,721</b>	<b>153,327</b>	<b>100,965</b>

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 33. PROFIT BEFORE TAXATION

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

(a) Other items

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Amortisation of other intangible assets	1,059	-	-	-
Auditors' remuneration				
- statutory audits	154,384	151,735	8,000	8,000
- other services	8,000	8,000	8,000	8,000
Write down of investments	35,868	-	-	-
Bad debts written off	-	31,030	-	-
Depreciation of property, plant and equipment	4,178,987	4,621,883	99,907	12,677
Employee benefits expense	283,637	182,438	37,809	16,644
Impairment loss on non-current assets held for sale	-	686,314	-	-
Impairment loss on capital work-in-progress	-	391,778	-	-
Rental of equipment	-	150	-	-
Property, plant and equipment written off	141,317	186,824	711	-
Rental of premises	1,730,562	1,637,151	156,100	24,000
Incorporation expenses	34,184	-	-	-
Interest expenses	36,045	44,919	7	85
Inventories written off	-	544,112	-	-
Loss on disposal of investments	266,105	-	75,612	-
Impairment loss on goodwill	-	120,971	-	-
Gain on compulsory acquisition of freehold land	(2,145,736)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	30,203	(79,194)	-	-
Investment income	(808,183)	(228,819)	(156,145)	(36,039)
Change in fair value of investment properties	30,000	(1,517,000)	30,000	(1,517,000)
Other rental revenue	(1,030,229)	(1,075,749)	-	-
Loss/(Gain) on foreign exchange				
- realised	147,225	55,842	-	(57)
- unrealised	141,853	(11,034)	1,969	-
Interest revenue	(285,626)	(389,534)	(71,264)	(182,197)

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 33. PROFIT BEFORE TAXATION (cont'd)

#### (b) Directors' remuneration

The Directors of the Company in office since the date of last report are as follows:-

##### Executive Directors

Dato' Koh Peng Chor  
Tan Sia Swee  
Chew Boon Swee  
Cheong Chin Tai  
Law Yang Ket

##### Non-Executive Directors

Thiang Kai Goh  
Zulkifli Bin Mohamad Razali  
Aggie Chew Poh Lian  
Lim Lean Eng

The aggregate amount of emoluments receivable by Directors of the Company during the financial year are as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive Directors				
- fees	264,000	312,000	120,000	120,000
- emoluments	5,466,947	6,320,818	4,321,755	2,949,831
- retirement benefits	1,256,209	1,264,315	1,013,140	732,004
- profit sharing	1,080,967	1,234,134	831,566	1,069,411
Non-executive Directors				
- fees	112,500	108,000	112,500	108,000
- emoluments	19,000	16,000	19,000	16,000
Estimated money value of benefit-in-kind	106,450	106,450	57,350	32,800

#### (c) Staff costs

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Staff costs	26,512,492	28,379,676	7,455,097	6,224,320
Included in staff costs are:-				
Wages and salaries	13,814,373	14,635,198	1,165,743	1,147,078
Social security contributions and contributions to defined contribution plan	1,797,312	1,745,400	148,375	143,615
Directors' remuneration				
- emoluments	7,590,729	6,336,818	4,322,620	2,965,831
- other benefits	2,751,354	2,629,449	1,853,895	1,834,215

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

34. TAXATION

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Based on results for the year	6,543,141	9,224,581	9,958,000	8,648,000
Origination/(Reversal) of temporary differences (note 11)	164,800	645,400	(269,000)	349,000
6,707,941	9,869,981	9,689,000	8,997,000	
Under/(Over)provision in prior year	132,681	(259,855)	8,274	(3,992)
Tax expense	6,840,622	9,610,126	9,697,274	8,993,008

The reconciliation from the tax amount at statutory tax rate to the Group's and the Company's tax expenses are as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Accounting profit before taxation	27,652,019	34,969,207	35,566,507	31,594,776
Tax at the Malaysia statutory income tax rate of 27% (2006:28%)	7,466,100	9,791,400	9,603,000	8,846,500
Effect of lower tax rate for Malaysian subsidiary companies with issued and paid-up share capital of RM2.5 million and below	(35,000)	(40,000)	-	-
Effect of different tax rates in foreign jurisdiction	10,300	74,100	-	-
Tax effects arising from:-				
- depreciation of non-qualifying property, plant and equipment	142,200	213,900	2,200	2,800
- non-deductible expenses	285,401	815,127	108,900	134,800
- double deduction expenses	(144,500)	(152,600)	-	-
- non-taxable revenue	(654,200)	(33,900)	(42,200)	(10,100)
Balance carried down	7,070,301	10,668,027	9,671,900	8,974,000

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 34. TAXATION (cont'd)

The reconciliation from the tax amount at statutory tax rate to the Group's and the Company's tax expenses are as follows:- (cont'd)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Balance brought down	7,070,301	10,668,027	9,671,900	8,974,000
Utilisation of deferred tax assets previously not recognised in the financial statements	-	(5,336)	-	-
Reinvestment allowance claimed under Schedule 7A of the Income Tax Act, 1967 in respect of qualifying property, plant and equipment utilised to set off against taxable profit for the year	(531,600)	(837,600)	-	-
Reduction in opening deferred tax assets resulting from reduction in tax rate	15,940	31,100	17,100	23,000
Under(Over)provision in prior year				
- income tax	132,681	(259,855)	8,274	(3,992)
- deferred tax	120,200	4,000	-	-
Deferred tax assets not recognised during the year	33,100	9,790	-	-
Tax expense	6,840,622	9,610,126	9,697,274	8,993,008

The Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of all its retained earnings as at 31 December 2007.

The Company has unabsorbed capital allowances of RM57,400/- (2006 : RM18,800/-).

The Group has unutilised tax losses and unabsorbed capital allowances of RM1,100,200/- (2006 : RM855,400/-) and RM180,500/- (2006 : RM2,200/-) respectively.



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 35. EARNINGS PER SHARE

The basic earning per share of the Group is calculated by dividing the Group's profit for the year of RM20,811,397/- by the weighted average number of ordinary share in issue during the year of 718,724,988 ordinary shares of RM0.10 each after deducting the weighted average number of shares repurchased.

The basic earning per share of the Group in previous year was calculated by dividing the Group's profit for the year of RM25,359,081/- by the weighted average number of ordinary share in issue during the year of 719,782,339 ordinary shares of RM0.10 each after retrospective adjustment for bonus issue during the year and after deducting the weighted average number of shares repurchased.

### 36. DIVIDEND

	COMPANY	
	2007 RM	2006 RM
<b>Paid</b>		
Second interim dividend of RM0.015 per share less 28% tax based on 600,000,000 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2005	-	6,480,000
Second interim dividend of RM0.015 per share less 27% tax based on 718,817,700 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2006	7,871,051	-
An interim dividend of RM0.010 per share less 27% tax based on 718,743,000 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2007	5,246,827	-
<b>Payable</b>		
Interim dividend of RM0.015 per share less 27% tax based on 719,058,200 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2006	-	7,873,684
	13,117,878	14,353,684
Dividend per share (SEN)	1.83	2.18

Subsequent to the financial year, the Directors declared a second interim dividend of RM0.012 per share less 26% tax based on 718,093,000 ordinary shares amounting to RM6,376,679/- payable on 11 April 2008 in respect of the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 37. ACQUISITION OF SUBSIDIARY COMPANY

On 11 June 2007, the Company subscribed for 2 ordinary shares of RM1/- representing 100% of the issued and fully paid up share capital of Infuso Sdn. Bhd. ("ISB"), a company incorporated in Malaysia for a total consideration of RM2/-.

On 3 August, 2006, the Company acquired 2 ordinary shares of RM1/- each representing 100% of the issued and fully paid up share capital of Key Elite Sdn. Bhd. ("KESB"), a company incorporated in Malaysia for a total consideration of RM2/-.

#### (i) Effect of Consolidated Cash Flow Statements

The fair value of the net asset acquired at the effective date of acquisition is as follows:-

	GROUP	
	ISB 2007 RM	KESB 2006 RM
Total purchase consideration	2	2
Cash balances of a subsidiary company acquired	(2)	(2)
Cash flow on acquisition, net of cash acquired	-	-

#### (ii) Effect on Consolidated Income Statement

The effect on the consolidated results of the Group for the current period from the date of acquisition is as follows:-

	GROUP	
	ISB 2007 RM	KESB 2006 RM
Operating revenue	58,860	14,677
Direct operating costs	(52,646)	(14,378)
Gross profit	6,214	299
Other operating revenue	85	-
Distribution costs	(32,384)	(1,204)
Administrative costs	(160,679)	(2,792)
Loss before taxation	(186,764)	(3,697)
Taxation	36,400	-
Loss attributable to shareholders	(150,364)	(3,697)

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 37. ACQUISITION OF SUBSIDIARY COMPANY (cont'd)

#### (iii) Effect of Consolidated Financial Position

The effect on the Consolidated Financial Position of the Group as at financial year end are as follows:-

	GROUP	
	ISB 2007 RM	KESB 2006 RM
Property, plant and equipment	692,024	3,475
Deferred tax assets	36,400	-
Inventories	26,631	-
Trade and other receivables	16,503	6,278
Amount owing by related company	1,448	-
Cash and bank balances	117,695	107,665
Trade and other payables	(19,502)	(14,903)
Provision for employee benefits	(3,141)	-
Amount owing to holding company	(5,394)	(6,212)
Amount owing by related company	(13,028)	-
	849,636	96,303

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### 38. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM4,555,821/- and RM374,901/- (2006 : RM984,115/- and RM612,479/-) respectively of which RM Nil and RM Nil (2006 : RM16,000 and RM Nil) were acquired by means of hire purchase. Cash payments of RM4,555,821/- and RM374,901/- (2006 : RM968,115/- and RM612,479/-) respectively were made to purchase property, plant and equipment.

### 39. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	23,294,019	3,581,114	15,413,722	439,336
Cash deposits with licensed banks	7,992,521	14,286,404	-	-
Bank overdrafts	-	(1,396,877)	-	-
	31,286,540	16,470,641	15,413,722	439,336

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

40. CONTINGENT LIABILITIES - UNSECURED

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
(i) In respect of corporate guarantee by the Company for credit facilities granted to a subsidiary company, CNI Enterprise (M) Sdn. Bhd., by licensed banks - amount approved RM3,600,000/- (2006 : RM3,600,000/-) - outstanding amount	-	-	7,773,100	1,132,816
(ii) Additional tax liabilities imposed by Inland Revenue Board ("IRB") for Year of Assessment 1996 - 2000 ("CYB") not accounted for in the financial statements pending appeal by the subsidiary company to the IRB	652,393	652,393	-	-
(iii) Special damage claim taken by a former distributor and sale point operator of a subsidiary company for alleged wrongful termination	295,000 #	16,238,812 #	-	-

# The claimant is suing for special damage claim due to alleged wrongful termination of his distributorship and sale point operator of a subsidiary company. No provision has been made pending the outcome of the legal litigation. Further details of the litigation are set out in Note 42(ii) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 41. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
In respect of capital expenditure approved and contracted for:-				
- acquisition of service apartment	35,774	35,774	-	-
- acquisition of computer software	316,707	470,050	-	-
	352,481	505,824	-	-
In respect of capital expenditure approved and not contracted for:-				
- purchase of property, plant and equipment	4,751,032	2,065,676	56,780	1,350,760
- acquisition of computer software	4,675,792	5,038,975	37,500	-
- construction of coffee kiosk	-	1,500,000	-	1,500,000
	9,426,824	8,604,651	94,280	2,850,760

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### 42. MATERIAL LITIGATIONS

- (i) As mentioned in note 4(b) to the financial statements, the freehold land of the subsidiary company, Exclusive Mark (M) Sdn. Bhd., which was subject to land acquisition under the Land Acquisition Act, 1960. on 11 October 2001 has been settled on 31 July 2007 with a cash compensation amounting to RM5,760,938/- paid to the subsidiary company.

Consequently, the application for judicial review at the Shah Alam Court against Pengarah Tanah dan Galian Negeri Selangor, Pentadbir Tanah Daerah Petaling in relation to the compulsory acquisition of the freehold land together with the legal proceedings against Titular Roman Catholic Archbishop of Kuala Lumpur for trespassing and commencement of construction on the said land have been withdrawn on 31 July 2007 with no order as to cost.

- (ii) A suit was filed at the Kota Bharu High Court against a subsidiary company, CNI Enterprise (M) Sdn. Bhd. by Mohammad Zamri Bin Wan Chik ("Zamri") on 5 February, 2005 for alleged wrongful termination as CNI Enterprise (M) Sdn. Bhd.'s distributor and sale point operator. Zamri is seeking a declaration that the said termination is null and void and is claiming for special damages amounting to RM16,238,812/- general damages and exemplary damages from CNI Enterprise (M) Sdn. Bhd.. Zamri's application for an interlocutory injunction against CNI Enterprise (M) Sdn. Bhd. to prohibit CNI Enterprise (M) Sdn. Bhd. from terminating his appointment was heard on 1 March 2005 and dismissed with costs.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 42. MATERIAL LITIGATIONS (cont'd)

Zamri's application to amend the Writ and Statement of claim was heard on 16 January 2006 and order was granted with costs to be borne by Zamri.

CNI Enterprise (M) Sdn. Bhd. has filed an inter-partes application for an injunction against Zamri to, inter alia, restrain him from selling CNI Enterprise (M) Sdn. Bhd.'s products. The Court has on 18 July 2006 granted the order for the said injunction against the Zamri on condition that a sum of RM250,000/- be deposited with the Court to fortify CNI Enterprise (M) Sdn. Bhd. undertaking as to damages. CNI Enterprise (M) Sdn. Bhd. has since deposited the said amount with the Court on 25 July 2006.

On 26 February 2007, CNI Enterprise (M) Sdn. Bhd. has filed an application to strike out frivolous portion of Zamri's Statement of Claim. The Learned Senior Assistant registrar has on 10 September 2007 allowed CNIE's application and the plaintiff's claim for special damages be amended to RM295,000/-. The plaintiff has filed a notice of appeal against the Senior Assistant Registrar's decision and the appeal was fixed to be heard on 16 January 2008. On 16 January 2008 the judge directed the parties to submit their written submission on the appeal. The matter is fixed for decision and case management on 17 June 2008.

### 43. SIGNIFICANT RELATED PARTIES TRANSACTIONS

#### (a) Transactions with subsidiary companies.

	COMPANY	
	2007 RM	2006 RM
CNI Enterprise (M) Sdn. Bhd.		
- Management fee revenue received and receivable	(3,958,638)	(4,594,262)
- Dividend revenue (gross) received and receivable	(32,940,000)	(26,640,000)
- Retirement benefits	7,167,243	-
Exclusive Mark (M) Sdn. Bhd.		
- Dividend revenue (gross) received and receivable	(5,326,619)	(3,857,207)
- Management fee revenue received and receivable	(908,980)	(842,939)
- Interest revenue received and receivable	(70,356)	(136,852)
Q-Pack (M) Sdn. Bhd.		
- Dividend revenue (gross) received and receivable	(699,000)	(450,000)
- Management fee revenue received and receivable	(332,001)	(375,046)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

43. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

	COMPANY	
	2007 RM	2006 RM
Creative Network International (S) Pte. Ltd. - Management fee revenue received and receivable	(202,785)	(201,690)
Key Elite (M) Sdn. Bhd. - Interest revenue received and receivable	(786)	-
CNI Enterprise (M) Sdn. Bhd. - Rental of premises paid and payable - Purchase of property, plant and equipment	156,100 351,240	24,000 601,778

(b) Significant transaction with companies in which the Directors of the Company, Dato' Koh Peng Chor and Mr. Tan Sia Swee have substantial financial interests and Mr. Tan Sia Swee is also a director are as follows:-

	GROUP	
	2007 RM	2006 RM
Purchases paid and payable to - Master Land Investment Limited	-	1,527,544
Purchases paid and payable to. - CNI Health Products (Shandong) Ltd.	-	440,088

(c) Significant transaction with a company in which the Directors of the Company, Dato' Koh Peng Chor and Mr. Tan Sia Swee have substantial financial interests and Dato' Koh Peng Chor is also a director is as follows:-

	GROUP	
	2007 RM	2006 RM
Rental revenue received and receivable from - Cameron Heights Sdn. Bhd.	-	(1,000)

(d) Significant transaction with a company in which the Director of the Company, Dato' Koh Peng Chor has substantial financial interest and is also a director is as follows:-

	Note	GROUP	
		2007 RM	2006 RM
Rental revenue paid and payable to PC Marketing Sdn. Bhd.	(i)	84,000	84,000

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

43. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

(e) Significant transaction with a company in which the Director of the Company, Dato' Koh Peng Chor has substantial financial interest and Cheong Chin Tai is also a director is as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Sales received and receivable from			
- CNI Enterprise (India) Pvt. Ltd.	(ii)	(117,965)	(145,638)

(f) Significant transactions with a company in which the Directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Chew Boon Swee, Cheong Chin Tai and Law Yang Ket have substantial financial interests and are also directors are as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Sales received and receivable from			
- CNI Corporation Sdn. Bhd.	(ii)	(1,493)	(2,653)
Rental revenue received and receivable from			
- CNI Corporation Sdn. Bhd.	(i)	(921,889)	(916,569)
Management fee paid and payable to			
- CNI Corporation Sdn. Bhd.	(iii)	517,903	600,510

(g) Significant transactions with companies in which the Directors of the Company, Dato' Koh Peng Chor has substantial financial interests and Mr. Tan Sia Swee is also a director are as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Rental revenue received and receivable from			
- Global Business Network Sdn. Bhd.	(i)	(6,000)	(14,400)
Sales received and receivable from			
- CNI Hong Kong Limited	(ii)	(1,129,106)	(976,370)
Purchases paid and payable to			
- CNI Hong Kong Limited	(vii)	13,710	-



NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

43. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

(h) Significant transactions with a company in which the Directors of the Company, Dato' Koh Peng Chor has substantial financial interests and Messrs. Tan Sia Swee and Chew Boon Swee are also directors are as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Rental revenue received and receivable from			
- CNI Venture Sdn. Bhd.	(i)	(116,400)	(116,400)
Research and development expenditure paid and payable to			
- CNI Venture Sdn. Bhd.	(iv)	521,212	511,553

(i) Significant transaction with a company in which the certain Directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Chew Boon Swee and Law Yang Ket have substantial financial interests is as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Patent fee paid and payable to			
- Citra Nusa Insan Cemerlang Investment Co.	(v)	82,928	89,835

(j) Significant transaction with a company in which the certain Directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Chew Boon Swee, Cheong Chin Tai and Law Yang Ket have substantial financial interests is as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Trademark fee paid and payable to			
- CNI IPHC	(vi)	206,302	220,889

(k) Significant transaction with a company in which a Director of the Company, Dato' Koh Peng Chor has substantial financial interest is as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Sales received and receivable from			
- Leader Regent Inc.	(ii)	(4,778,208)	(5,385,102)

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 43. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

(l) Significant transaction with a company in which the Director of the Company, Dato' Koh Peng Chor has substantial financial interests and Messrs. Chew Boon Swee and Law Yang Ket are also directors is as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Sales received and receivable from			
- CNI Foods Products Co. Ltd.	(ii)	(1,052,559)	(110,409)

(m) Significant transaction with a charitable body in which the wife of the Director of the Company, Dato' Koh Peng Chor is the president, is as follows:-

		GROUP	
		2007	2006
		RM	RM
	Note		
Rental revenue received and receivable from			
- Yayasan CNI	(i)	(28,800)	(28,800)
Sales received and receivable from			
- Yayasan CNI	(ii)	(43,382)	(38,898)

(i) the rental revenue were in tandem with market rental rates.

(ii) the sale of products to these parties were made according to the published prices and conditions offered to the major customers of the Group.

(iii) the management fee paid was based on the terms and conditions stated in the agreement between parties concerned.

(iv) the research and development expenditure paid was based on the terms and conditions stated in the agreement between parties concerned.

(v) the trademark fee paid was based on the terms and conditions stated in the agreement between parties concerned.

(vi) the patent fee paid was based on the terms and conditions stated in the agreement between parties concerned.

(vii) the purchases of products from this party were made according to the prescribed prices and conditions offered by these related parties to their major customers.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

Information regarding outstanding balances arising from related parties transactions as at 31 December 2007 are disclosed in note 13 and 26.

### (n) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any Director of the Group and of the Company.

## 44. SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business and geographical segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment assets and liabilities do not include tax assets and tax liabilities respectively.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one accounting period.

### **Primary Reporting Format - Business Segments**

The Group comprises the following main business segments:-

Investment holding	Investment in shares and investment and renting out of properties
Manufacturing	Manufacturing, trading and packaging of consumer, health and personal care products
Marketing	Multilevel marketing of health care and consumer products
Food and beverage outlets	Operation of food and beverage outlets

### **Secondary Reporting Format - Geographical Segments**

The businesses of the Group are solely operated in Malaysia except for the multi-level marketing of health care and consumer products in Singapore.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

44. SEGMENT ANALYSIS (cont'd)

(a) Primary Reporting Format - Major Business Segments

	Investment Holding RM	Manufac- turing RM	Marketing RM	Food & Beverage Outlets RM	Elimination RM	Consolidated RM
<b>2007</b>						
Revenue						
External revenue	475,922	14,830,701	164,766,092	49,489	-	180,122,204
Inter segment revenue	44,368,023	34,808,550	1,811,137	9,371	(80,997,081)	-
Total revenue	44,843,945	49,639,251	166,577,229	58,860	(80,997,081)	180,122,204
<b>Result</b>						
Segment result	(3,470,369)	8,235,735	23,109,072	(186,764)	(285,236)	27,402,438
Interest expenses						(36,045)
Interest revenue						285,626
Taxation						(6,840,622)
Profit from ordinary activities						20,811,397
<b>Assets</b>						
Segment assets	97,168,445	33,935,494	75,830,615	854,301	(82,013,080)	125,775,775
Tax assets						2,124,125
Deferred tax assets						1,964,500
Cash deposits with licensed banks						7,992,521
						137,856,921
<b>Liabilities</b>						
Segment liabilities	10,315,614	10,887,137	29,626,191	41,065	(16,614,423)	34,255,584
Interest bearing liabilities						205,645
Taxation						846,684
Deferred tax liabilities						1,605,400
						36,913,313
Capital expenditure	374,901	974,112	2,858,976	703,680	(355,848)	4,555,821
Depreciation of property, plant and equipment	99,907	2,303,618	1,750,013	11,656	13,793	4,178,987

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

44. SEGMENT ANALYSIS (cont'd)

	Investment Holding RM	Manufac- turing RM	Marketing RM	Food & Beverage Outlets RM	Elimination RM	Consolidated RM
<b>2007</b>						
<b>Non-cash expense other than depreciation</b>						
Retirement benefit expense						1,256,209
Employee benefits expense						283,637
Property, plant and equipment written off						141,317

	Investment Holding RM	Manufac- turing RM	Marketing RM	Elimination RM	Consolidated RM
<b>2006</b>					
<b>Revenue</b>					
External revenue	480,017	14,102,430	189,423,140	-	204,005,587
Inter segment revenue	6,013,937	34,616,955	2,429,162	(43,060,054)	-
Total revenue	6,493,954	48,719,385	191,852,302	(43,060,054)	204,005,587
<b>Results</b>					
Segment result	465,457	6,015,557	27,838,405	305,173	34,624,592
Interest expense					(44,919)
Interest revenue					389,534
Taxation					(9,610,126)
Profit from ordinary activities					25,359,081
<b>Assets</b>					
Segment assets	86,095,824	39,082,145	84,803,695	(89,035,231)	120,946,433
Tax assets					2,304,241
Deferred tax assets					1,912,400
Cash deposits with licensed banks					14,286,404
Non-current assets held for sale					5,258,770
					144,708,248

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

44. SEGMENT ANALYSIS (cont'd)

	Investment Holding RM	Manufac- turing RM	Marketing RM	Elimination RM	Consolidated RM
<b>2006</b>					
<b>Liabilities</b>					
Segment liabilities	10,796,158	11,480,240	31,284,305	(10,468,841)	43,091,862
Interest bearing liabilities					2,080,455
Taxation					131,307
Defered tax liabilities					1,388,500
Liabilities directly associated with assets classified as held for sale					4,549,482
					51,241,606
Capital expenditure	612,479	323,667	680,450	(632,481)	984,115
Depreciation of property, plant and equipment	12,677	2,500,816	2,070,516	37,874	4,621,883
<b>Non-cash expenses other than depreciation</b>					
Bad debt written off					31,030
Impairment loss on goodwill					120,971
Impairment loss on capital work-in-progress					391,778
Retirement benefits expense					1,264,315
Employee benefits expense					182,438
Inventories written off					544,112
Impairment loss on non- current assets held for sale					686,314
Property, plant and equipment written off					186,824

Inter-segment revenue which are eliminated upon consolidation, are entered in the ordinary course of business.

Inter-segment revenue comprises sales revenue which are priced at cost plus a percentage profit mark-up.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 44. SEGMENT ANALYSIS (cont'd)

#### (b) Secondary Reporting Format - Geographical Segments

Segment revenue based on geographical location of its customers:-

	2007 RM	2006 RM
Malaysia	158,912,968	183,155,560
Brunei	8,911,847	9,966,084
Singapore	8,135,226	8,067,106
Indonesia	2,426,464	1,055,875
Hong Kong	1,261,941	1,137,358
United States of America	296,408	334,590
India	124,430	148,611
Philippines	52,920	32,933
Others	-	107,470
	180,122,204	204,005,587

The following is the analysis of the carrying amount of segment assets and capital expenditures, analysed by the Group's geographical segment.

	Malaysia RM	Singapore RM	Consolidated RM
<b>2007</b>			
Segment assets	124,128,162	1,647,613	125,775,775
Tax assets			2,124,125
Deferred tax assets			1,964,500
Cash deposits with licensed banks			7,992,521
Consolidated total assets			137,856,921
Capital expenditure	4,550,132	5,689	4,555,821
<b>2006</b>			
Segment assets	118,900,364	2,046,069	120,946,433
Tax assets			2,304,241
Deferred tax assets			1,912,400
Cash deposits with licensed banks			14,286,404
Non-current assets held for sale			5,258,770
Consolidated total assets			144,708,248
Capital expenditure	842,494	141,621	984,115

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 45. SIGNIFICANT EVENTS

(i) On 16 February 2007, Creative Network International (S) Pte. Ltd. ("CNIS"), a wholly owned subsidiary company of the Company, entered into an option with Specvision Holdings Pte. Ltd. for the disposal of a leasehold building for a cash consideration of SGD2,300,000 or equivalent to approximately RM5,290,000/-. The sale of the said property has been completed on 11 May 2007.

(ii) On 11 June, 2007, the Company subscribed for 2 ordinary shares of RM1/- each in Infuso Sdn. Bhd. ("ISB") formerly known as Famous Paradise Sdn. Bhd., representing 100% of the total issued and paid-up capital of ISB for a total consideration of RM2/-. Subsequently the paid-up share capital was increased from RM2/- to RM1,000,000/-.

### 46. SUBSEQUENT EVENT

On 7 March 2008, the Company, entered into a Sale and Purchase Agreement with Sin Hock Leong Coach Works for the disposal of a parcel of leasehold land, factory and office at a cash consideration of RM2,150,000/-.

### 47. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Policies

The Group is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimize the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:-

##### i. Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency.

The Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank account which will primarily be used for payment of purchases in the same denomination. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

##### ii. Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities which include fixed deposits, staff car loan and short term deposits, loans, overdraft facilities and hire purchase payable.

###### - Interest bearing financial assets

Cash deposits are short term in nature and are not held for speculative purposes but are placed to satisfy conditions for banking facilities granted to the Group and for better yield returns than cash at banks.

The Group manages its interest rate yield by prudently balances the placement of deposits with varying maturity periods.

###### - Interest bearing financial liabilities

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.



## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

### 47. FINANCIAL INSTRUMENTS (cont'd)

#### iii. Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is their carrying amount as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit risks are minimized and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer.

#### iv. Liquidity and Cash Flow Risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

### (b) Fair Values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:-

#### i. Cash and Cash Equivalents, Trade and Other Receivables and Payables

The carrying amounts approximates fair values due to the relatively short term maturity of these financial assets and liabilities.

#### ii. Staff car loan receivables (non-current)

The fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending arrangements.

#### iii. Borrowings

The fair value of fixed rate term loan is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending and borrowing arrangements.

The fair value of hire purchase liabilities is estimated using discounted cash flow analysis, based on current borrowing rates.

#### iv. Quoted Investments

The fair values of quoted shares are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

The fair values of quoted unit trusts are determined by reference to the quoted market price on the balance sheet at published in the national daily.

NOTES TO **THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

47. FINANCIAL INSTRUMENTS (cont'd)

**(b) Fair Values** (cont'd)

The carrying amounts of financial assets and liabilities recognised in the balance sheets of the Group as at balance sheet date approximate their fair values except for the followings:-

	Carrying Amount RM	Fair Value RM
<b>Group</b>		
<b>2007</b>		
<b>Financial Assets</b>		
Staff car loan receivables (non-current)	331,207	297,691
<b>Financial Liabilities</b>		
Term loan I	186,297	136,439
Hire purchase payables	19,348	19,241
<b>2006</b>		
<b>Financial Assets</b>		
Staff car loan receivables (non-current)	337,369	483,379
Marketable securities	15,047,793	16,746,084
<b>Financial Liabilities</b>		
Term loan I	195,217	-*

\* It is not practical to estimate the fair value of the fixed rate term loan due to uncertainty of timing of repayment as the term loan has not been fully drawn down.

The nominal amounts and fair value of financial liabilities not recognised in the balance sheets are as follows:-

	Nominal Amount RM	Fair Value RM
<b>2007</b>		
<b>Group</b>		
Contingent liabilities	947,393	-*
<b>Company</b>		
Contingent liabilities	7,773,100	-*
<b>2006</b>		
<b>Group</b>		
Contingent liabilities	16,891,205	-*

\* It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

## LIST OF PROPERTIES

The properties held by the Group and the Company as at 31 December 2007 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 Dec 2007 (RM'000)	Date of Acquisition/ last revaluation
HS(D) 225891 PT42, Bandar Glenmarie, Daerah Petaling, Selangor Darul Ehsan  Wisma CNI, No. 2, Jalan U1/17, Seksyen U1, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan	Commercial Buildings/Office cum factory	175,602 / 200,733	Freehold	11	32,232	1 Apr 1994/ -
Grant 57213 Lot 8302, Mukim 13, North East District, Penang.  No.27A, 27B and 27C, Lintang Angsana, Bandar Baru Air Itam, 11500 Air Itam, Penang.	Intermediate three storey shophouse / Renting out to third parties	1,991 / 4,444	Leasehold – 99 years (expires on 30 May 2093)	16	760	10 Jul 2003/ 29 Jan 2008
HS(D) 100850 PT 576, Bandar Shah Alam, Petaling District, Selangor Darul Ehsan  No. 1, Jalan Tengku Zabedah F9/F, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.	Six storey corner shoplot cum office / Renting out to third parties	2,252 / 12,865	Leasehold – 99 years (expires on 29 Aug 2094)	10	2,500	4 Apr 1995/ 21 Jan 2008
HS(D) 100852 PT 578, Bandar Shah Alam, Petaling District, Selangor Darul Ehsan  No. 3, Jalan Tengku Zabedah F9/F, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.	Six storey shoplot cum office / Renting out and occupied as store room	1,800 / 10,632	Leasehold – 99 years (expires on 29 Aug 2094)	10	1,950	4 Apr 1995/ 21 Jan 2008

## LIST OF PROPERTIES

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 Dec 2007 (RM'000)	Date of Acquisition/ last revaluation
<p>PM 4240 Lot 34357, Bandar Ampang, Hulu Langat District, Selangor Darul Ehsan</p> <p>A15/1/1, A15/2/2, A15/3/3, A15/4/4, A15/5/5, Jalan Ampang Utama 2/2, One Ampang Avenue, 68000 Ampang, Selangor Darul Ehsan.</p>	5 storey terrace shoplot/ Renting out to third parties	1,865 / 9,163	Leasehold – 99 years (expires on 23 May 2089)	11	2,350	12 Jul 1993/ 22 Jan 2008
<p>HS(D) 59437 PT 284, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan</p> <p>No. A-6-13 Block A, Sri Alam Condominium, Jalan Kelab Golf 13/1, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan</p>	Condominium storey No. 6 of Block A / Renting out to third parties	Not applicable/ 1,231	Leasehold – 99 years (expires on 14 Feb 2091)	9	225	30 May 1995/ 22 Jan 2008
<p>*HS(D) 40073 PT 60002, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak</p> <p>HS(D) 40074 PT 60003, Mukim Hulu Kinta, Daerah Kinta Negeri Perak</p> <p>No. 8 and 10, Solok Rishah 3, Kawasan Perindustrian Silibin, 30100 Ipoh, Perak</p>	Double storey office cum single storey factory / Vacant factory	107,599 / 32,981	Leasehold – 60 years (expires on 14 Feb 2046)	12	2,150	5 Sept 1997/ 7 Mac 2008

\* CNI had on 7 March 2008 entered into sales & purchase agreement for disposal of this property and it is pending completion by end of October 2008.

## ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Listing Requirements of Bursa Malaysia Securities Berhad as set out in Part A of Appendix 9C thereto:

### 1. Utilisation of Proceeds

During the financial year ended 31 December 2007, there were no proceeds received by the Company from any corporate proposals which required Securities Commission's approval.

### 2. Share Buy-Backs

During the financial year ended 31 December 2007, the Company bought back a total of 573,500 of its issued and fully paid ordinary shares of RM0.10 each in the open market. The average price paid for the shares buy-back was RM0.413 per share. The buy-back shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. The details of share buy-back during the financial year are disclosed in Note 21 to the Financial Statements on page 89 of this Annual Report.

### 3. Option, Warrants or Convertible Securities Exercised

There were no options, warrants or convertible securities issued by the Company in respect of the financial year ended 31 December 2007.

### 4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year ended 31 December 2007, the Company did not sponsor any ADR or GDR programme.

### 5. Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiary companies, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2007.

### 6. Non-audit Fees

The amount of non-audit and other non-statutory audit fees paid and payable to the external auditors and their affiliated companies by the Group for the financial year ended 31 December 2007 are as follows:

Moore Stephens, Malaysia	RM12,380
Moore Stephens (Tax Services) Sdn Bhd, Malaysia	RM27,367
Firms affiliated to Moore Stephens, Malaysia	RM13,393
Overseas firms affiliated to Moore Stephens, Malaysia	RM 9,554
<b>Total</b>	<b>RM62,694</b>

## ADDITIONAL COMPLIANCE INFORMATION

### 7. Variation in Results

There is no material variance between the financial results in the Audited Financial Statements for the financial year ended 31 December 2007 and the unaudited financial results for the year ended 31 December 2007 announced by the Company on 26 February 2008.

### 8. Profit Guarantee

There was no profit guarantee for the financial year ended 31 December 2007.

### 9. Material Contracts

Save as those described in Note 43 to the Financial Statements on pages 106 to 111 of this Annual Report, there were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the financial year ended 31 December 2007 or entered into since the end of the previous financial year.

### 10. Contract Relating to Loans

There were no contracts relating to loans by the Company involving Directors' and major shareholders' interest.

### 11. Revaluation Policy

The Company revaluation policy on landed properties is disclosed in Notes 3 (e) and 3 (f) to the Financial Statements on pages 67 to 68 of this Annual Report.

### 12. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 21 June 2007, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of recurrent related party transactions conducted during the financial year ended 31 December 2007 is set out on pages 123 to 124 of the Annual Report.

## DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

At the Eighteenth Annual General Meeting held on 21 June 2007, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Paragraph 4.1.5 of Practice Note No. 12/2001 of Listing Requirements of Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 31 December 2007 pursuant to the shareholders' mandate are disclosed as follows:

Transacting Parties		Interested Related Parties	Amount Transacted during the financial year RM	Nature of transactions
Transacting Party	Company within our Group			
CNI Corporation Sdn Bhd ("CNIC")	CNI Enterprise (M) Sdn Bhd ("CNIE")	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Cheong Chin Tai Law Yang Ket	517,903	Provision of management services to CNIE
	CNIE		401,320	Rental of premise from CNIE comprising part of 4th floor of building bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
	CNIE		520,569	Lease of equipment and licensed program from CNIC
CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd ("EM")	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee	381,772	Provision of research, development and testing services to EM
	Q-Pack (M) Sdn Bhd ("Q-Pack")		139,440	Provision of research, development and testing services to Q-Pack
	CNIE		116,400	Rental of premise from CNIE comprising part of 1st floor of building bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
Citra Nusa Insancemerlang Investment Company	EM	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Law Yang Ket	41,464	Licence to EM the rights to use and manufacture products in Malaysia based on the formulation property and to sell such manufactured products within or outside Malaysia
	Q-Pack		41,464	Licence to Q-Pack the rights to use and manufacture products in Malaysia based on the formulation property and to sell such manufactured products within or outside Malaysia

## DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

Transacting Parties		Interested Related Parties	Amount Transacted during the financial year RM	Nature of transactions
Transacting Party	Company within our Group			
PC Marketing Sdn Bhd	Q-Pack	Dato' Koh Peng Chor	30,000	Rental of premises to Q-Pack known as No. 11A & 11B Jalan 25/64, 40400 Shah Alam
	EM		54,000	Rental of premises to EM known as No. 11C, 13A, 13B and 13C Jalan 25/64, 40400 Shah Alam
CNI Enterprise (India) Private Ltd	CNIE	Dato' Koh Peng Chor Cheong Chin Tai	52,118	Purchase of goods from CNIE
	EM		54,089	Contract manufacturing customer of EM
	Q-Pack		11,758	Contract manufacturing customer of Q-Pack
CNI IPHC	CNIE	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Cheong Chin Tai Law Yang Ket	206,302	Licence to CNIE the rights to use the trademarks and CNI logo in Malaysia, Brunei and Singapore
Global Business Network Sdn Bhd	CNIE	Dato' Koh Peng Chor Tan Sia Swee	6,000	Rental of office space in Wisma CNI from CNIE
CNI Hong Kong Limited	CNIE	Dato' Koh Peng Chor Tan Sia Swee	723,765	Purchase of goods from CNIE
	EM		350,718	Contract manufacturing customer of EM
	Q-Pack		51,500	Contract manufacturing customer of Q-Pack
CNI Food Products Co. Ltd	EM	Dato' Koh Peng Chor Chew Boon Swee	724,535	Supply of royal jelly powder and honey to EM
	CNIE		328,024	Supply and procurement of goods and raw material to CNIE
Leader Regent Inc.	EM	Dato' Koh Peng Chor Wong Siew Fong	4,692,553	Contract manufacturing customer of EM
	CNIE		85,655	Purchase of goods from CNIE
Yayasan CNI	CNIE	Datin Chuah Tek Lan	28,800	Rental of premise from CNIE comprising part of ground floor of building bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
	CNIE		43,382	Purchase of goods from CNIE



## ANALYSIS OF SHAREHOLDINGS AT 25 APRIL 2008

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM72,000,000.00 comprising 720,000,000 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	101	1.16	3	0.03	4,080	(1)	140	(1)
100 - 1,000	3,411	39.06	266	3.05	1,851,920	0.26	158,580	0.02
1,001 - 10,000	3,893	44.58	115	1.32	10,610,652	1.48	281,480	0.04
10,001 - 100,000	747	8.55	17	0.19	21,065,692	2.93	675,600	0.10
100,001 – 35,896,569 (*)	166	1.90	11	0.13	226,949,912	31.61	16,425,353	2.29
35,896,570 and above (**)	3	0.03	-	-	439,907,991	61.27	-	-
<b>Total</b>	<b>8,312</b>	<b>95.28</b>	<b>412</b>	<b>4.72</b>	<b>700,390,247</b>	<b>97.56<sup>(2)</sup></b>	<b>17,541,153</b>	<b>2.44<sup>(2)</sup></b>

#### Notes:

(\*) Less than 5% of issued shares<sup>(2)</sup>

(\*\*) 5% and above of issued shares<sup>(2)</sup>

(1) Less than 0.01%

(2) Excluding a total of 2,068,600 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 25 April 2008.

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

Name Shares Held	Direct Interests		Indirect Interests	
	No. of Issued Shares <sup>(4)</sup>	% of Shares Held	No. of Issued Shares <sup>(4)</sup>	% of
Dato' Koh Peng Chor	2,490,240	0.35	373,190,643 <sup>(1)</sup>	51.84
Tan Sia Swee	24,256,980	3.37	1,676,400 <sup>(2)</sup>	0.23
Chew Boon Swee	1,128,614	0.16	-	-
Cheong Chin Tai	1,200,000	0.17	-	-
Law Yang Ket	1,387,752	0.19	-	-
Thiang Kai Goh	-	-	-	-
Aggie Chew Poh Lian	-	-	-	-
Zulkifli bin Mohamad Razali	-	-	-	-
Lim Lean Eng	1,988,960	0.28	62,520 <sup>(2)</sup>	(3)

#### Notes:

(1) Deemed to have interests in CNI shares held by persons connected as defined per Section 122A of the Companies Act, 1965 and held by other corporation by virtue of Section 6A(4) of the Companies Act, 1965.

(2) Deemed to have interests in CNI shares held by person connected as defined per Section 122A of the Companies Act, 1965.

(3) Less than 0.01%

(4) Excluding a total of 2,068,600 CNI shares bought-back by CNI and retained as treasury shares as at 25 April 2008.

## ANALYSIS OF **SHAREHOLDINGS** AT 25 APRIL 2008

### SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Indirect Interests	
	No. of Shares Held	% of Issued Shares <sup>(3)</sup>	No. of Shares Held	% of Issued Shares <sup>(3)</sup>
Marvellous Heights Sdn Bhd	363,526,123	50.57	-	-
Cabar Sanubari Sdn Bhd	50,358,878	7.01	363,526,123 <sup>(1)</sup>	50.64
Fitri Ceria Sdn Bhd	37,741,868	5.25	-	-
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123 <sup>(1)</sup>	50.64
Syed Esa bin Syed Abdul Kadir	-	-	413,885,001 <sup>(1)</sup>	57.65
Syed Abdullah bin Syed Abd Kadir	-	-	413,885,001 <sup>(1)</sup>	57.65
Datin Normah binti Tan Sri Hashim	-	-	37,741,868 <sup>(1)</sup>	5.26
Dato' Mohamed Azman bin Yahya	-	-	37,741,868 <sup>(1)</sup>	5.26
Dato' Koh Peng Chor	2,490,240	0.35	373,190,643 <sup>(2)</sup>	51.98
Datin Chuah Tek Lan	1,117,200	0.16	374,363,683 <sup>(2)</sup>	52.17

**Notes:**

- (1) Deemed to have interests in CNI shares held by other corporation by virtue of Section 6A(4) of the Companies Act, 1965.
- (2) Deemed to have interests in CNI shares held by persons connected as defined per Section 122A of the Companies Act, 1965 and held by other corporation by virtue of Section 6A(4) of the Companies Act, 1965.
- (3) Excluding a total of 2,068,600 CNI shares bought-back by CNI and retained as treasury shares as at 25 April 2008.

## ANALYSIS OF **SHAREHOLDINGS** AT 25 APRIL 2008

### TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	No. of Shares Held	% of Issued Shares <sup>(1)</sup>
1. Marvellous Heights Sdn Bhd	363,526,123	50.64
2. Cabar Sanubari Sdn Bhd	38,640,000	5.38
3. Fitri Ceria Sdn Bhd	37,741,868	5.26
4. Tan Sia Swee	24,256,980	3.38
5. Astaka Cergas Sdn Bhd	18,910,390	2.63
6. Suriakhas Sdn Bhd	17,945,518	2.50
7. Cabar Sanubari Sdn Bhd	11,718,878	1.63
8. Tan Kim Choon	9,748,039	1.36
9. Gan Ah Seng	9,745,139	1.36
10. Heng Hoay Liang @ Heng Hoye Ee	8,726,552	1.22
11. Chew Boon Yeng	8,565,852	1.19
12. Toh Siew Kee	8,547,752	1.19
13. Suriakhas Sdn Bhd	7,680,000	1.07
14. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd (PB)	5,260,920	0.73
15. Lew Chin Kwee	4,939,800	0.69
16. Abdul Rashid Hussain	4,560,000	0.64
17. Gan Chooi Yang	4,403,904	0.61
18. Beh Hang Kong	4,096,680	0.57
19. MAYBAN Nominees (Asing) Sdn Bhd DBS Bank for Triton Capital Group Ltd (260294)	3,557,000	0.50
20. Ginawan Chondro	3,554,972	0.50
21. HLG Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Choo Huat	3,000,000	0.42
22. ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Choo Huat	3,000,000	0.42
23. Ong Teck Seng	2,614,000	0.36
24. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor (PB)	2,490,240	0.35
25. Suharman Subianto	2,477,243	0.35
26. Cheong Chee Kee	2,463,666	0.34
27. Addeen Trading Sdn Bhd	2,390,400	0.33
28. Stephanus Abrian Natan	2,372,158	0.33
29. EB Nominees (Tempatan) Sendirian berhad Pledged Securities Account for Chen Khai Voon (SFC)	2,292,000	0.32
30. Murad bin Basir	1,695,840	0.24
<b>Total</b>	<b>620,916,914</b>	<b>86.49</b>

**Note:**

(1) Excluding a total of 2,068,600 CNI shares bought-back by CNI and retained as treasury shares as at 25 April 2008.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of CNI Holdings Berhad (“CNI” or “Company”) will be held at Diamond Hall, First Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 19 June 2008 at 11.00 a.m., for the following purposes:**

### AGENDA

<b>As Ordinary Business</b>	
1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.	<b>Ordinary Resolution 1</b>
2. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Company's Articles of Association:	
(a) Law Yang Ket	<b>Ordinary Resolution 2</b>
(b) Thiang Kai Goh	<b>Ordinary Resolution 3</b>
(c) Aggie Chew Poh Lian	<b>Ordinary Resolution 4</b>
3. To re-elect Lim Lean Eng, Director who retire by rotation pursuant to Article 96 of the Company's Articles of Association.	<b>Ordinary Resolution 5</b>
4. To approve the payment of Directors' fees of RM232,500 for the financial year ended 31 December 2007.	<b>Ordinary Resolution 6</b>
5. To appoint Messrs Moore Stephens AC as Auditors of the Company in place of the retiring Auditors, Messrs Moore Stephens and to authorise the Directors to fix their remuneration.	<b>Ordinary Resolution 7</b>
<p>Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as “Appendix I” in the Annual Report 2007) has been received by the Company for the nomination of Messrs Moore Stephens AC who have given their consent to act, for appointment as Auditors in place of the retiring Auditors, Messrs Moore Stephens and of the intention to propose the following ordinary resolution:</p> <p>“THAT Messrs Moore Stephens AC of No. 8A, Jalan Sri Semantan Satu, Damansara Heights, 50490 Kuala Lumpur be and are hereby appointed as the new Auditors of the Company for the financial year ending 31 December 2008, in place of the retiring Auditors, Messrs Moore Stephens to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”</p>	
<b>As Special Business</b>	
To consider and if thought fit, to pass the following ordinary resolutions:	
6. <b>Authority to Directors to Issue Shares</b>	<b>Ordinary Resolution 8</b>
<p>“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time 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 issued pursuant to this resolution in any one financial year does not exceed ten per cent (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company”</p>	
7. <b>Proposed Renewal of Shareholders' Mandate for CNI Holdings Berhad and its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Renewal of the Recurrent RPT Mandate”) and Proposed Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed New Recurrent RPT Mandate”)</b>	<b>Ordinary Resolution 9</b>
<p>“THAT pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, (a) the mandate granted by the shareholders of the Company on 21 June 2007, authorising the Company and its subsidiaries (“CNI Group”) to enter into the recurrent transactions of a revenue or trading nature (Recurrent RPTs), be and is hereby renewed; and (b) the Company be and is hereby authorised to enter into any of the new recurrent transactions of a revenue or trading nature not comprised in the shareholders' mandate obtained on 21 June 2007 (New Recurrent RPTs), all set out in Section 1.2 of Part A of the Circular to Shareholders dated 26 May 2008 with the related parties mentioned therein which are necessary for the CNI Group's day to day operations, provided that:</p>	

## NOTICE OF ANNUAL GENERAL MEETING

(a) the transactions are carried out on an arm's length basis, in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(b) disclosure of the aggregate value of the transactions conducted during a financial year will be made in the annual report for the said financial year,

AND THAT the authority conferred by such renewed mandate and the approval of the new mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which the Proposed Renewal of the Recurrent Transactions Mandate and the Proposed New Recurrent Transactions Mandate are approved, at which time they will lapse unless renewed by an ordinary resolution passed at the next AGM the mandate is again renewed;

(b) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the mandate."

**8. Proposed Renewal of Authority for the Purchase by CNI Holdings Berhad of its own Ordinary Shares ("Proposed Share Buy-Back")**

**Ordinary Resolution 10**

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the authority granted by the shareholders of the Company on 21 June 2007 for the Company to undertake a share buy-back of up to ten percent (10%) of the issued and paid-up share capital the Company be and is hereby renewed, and that accordingly the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company's issued and paid-up share capital as may be determined by the Directors from time to time through Bursa Securities subject to the following:

(a) the aggregate number of shares which may purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being of the Company;

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the total retained earnings and share premium account (if any), of the Company. The audited retained earnings of the Company as at 31 December 2007 amounted to RM16,821,150.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after the date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is the earlier.

## NOTICE OF ANNUAL GENERAL MEETING

AND THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise or give full effect to the Proposed Share Buy-Back AND FURTHER THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the ordinary shares of RM0.10 each in the Company purchased by the Company pursuant to the Proposed Share Buy-Back as treasury shares to be either distributed as share dividends or resold on Bursa Securities or subsequently cancelled, or to cancel the shares so purchased, or a combination of both."

9. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

**LIM MING TOONG** (MAICSA 7000281)

**CHIN YOKE KWAI** (MAICSA 7032000)

Company Secretaries

Selangor Darul Ehsan

26 May 2008

Notes:

1. A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. **A proxy need to be a Member of the Company** and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty-eight ( 48) hours before the time fixed for holding the meeting or any adjournment thereof.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

1. The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued capital of the Company for such purposes as they consider would be in the interest of the Company in order to avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority unless revoked or varies at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
2. The proposed Ordinary Resolution 9, if passed, will enable the Company and its subsidiaries to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.
3. The proposed Ordinary Resolution 10, if passed, will empower the Directors to purchase its own shares through Bursa Securities up to ten percent (10%) of the issued and paid-up share capital of the Company. This authority unless revoked or varies at a general meeting, will expire at the next Annual General Meeting of the Company.

Further information on the Proposed Renewal of the Recurrent RPT Mandate, the Proposed New Recurrent RPT Mandate and the Proposed Share Buy-Back are set out in the Circular to Shareholders dated 26 May 2008, despatched together with the Company's Annual Report 2007.

## STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to the Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

### 1. Directors who are seeking re-election at the Nineteenth Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 91 of the Articles Association of the Company and seeking re-election are as follows:

- (a) Law Yang Ket – (Resolution 2)
- (b) Thiang Kai Goh – (Resolution 3)
- (c) Aggie Chew Poh Lian – (Resolution 4)

The Director retiring by appointment during the financial year pursuant to Article 96 of the Articles of Association of the Company is follows:

- (a) Lim Lean Eng – (Resolution 5)

The details of the Directors who are seeking re-election are set out in their respective profiles which appear in the Directors' Profile on pages 18 to 21 of the Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings which appear on pages 125 to 127 of the Annual Report.

### 2. Details of attendance of Directors at Board Meetings

A total of six Board meetings were held in the financial year ended 31 December 2007. The details of attendance of Directors at the Board meetings held in the financial year ended 31 December 2007 are set out in the Statement on Corporate Governance on pages 22 to 31 of the Annual Report.

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### 3. Place, Date and Hour of Nineteenth Annual General Meeting of the Company

The Nineteenth Annual General Meeting of the Company will be held at Diamond Hall, First Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 19 June 2008 at 11.00 a.m., and at any adjournment thereof.

## APPENDIX I

### **Marvellous Heights Sdn. Bhd.** (670788-A)

No. 2 Jalan U1/17 Seksyen U1 Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor.  
Tel: 603-5569 4000 Fax: 603-5569 1079

2 May 2008

The Board of Directors  
CNI Holdings Berhad  
Wisma CNI, No. 2 Jalan U1/17  
Seksyen U1  
Hicom-Glenmarie Industrial Park  
40000 Shah Alam  
Selangor Darul Ehsan

Dear Sirs,

#### **NOTICE OF NOMINATION OF MESSRS MOORE STEPHENS AC FOR APPOINTMENT AS AUDITORS**

We, Marvellous Heights Sdn Bhd, pursuant to Section 172(11) of the Companies Act, 1965, hereby give notice of our nomination of Messrs Moore Stephens AC for appointment as Auditors of the Company in place of the retiring auditors and of our intention to propose the following resolution as an ordinary resolution at the forthcoming Nineteenth Annual General Meeting of the Company:

"THAT Messrs Moore Stephens AC of No. 8A, Jalan Sri Semantan Satu, Damansara Heights, 50490 Kuala Lumpur be and are hereby appointed as the new Auditors of the Company for the financial year ending 31 December 2008, in place of the retiring Auditors, Messrs Moore Stephens to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Thank you.

Yours faithfully  
for and on behalf of  
**Marvellous Heights Sdn Bhd**

**WONG SIEW FONG**  
Director



## DISTRIBUTION CENTRES & SALES POINTS

Code		Operator	Address	Tel	Fax
<b>PERLIS</b>					
<b>DC</b>	R150	Leong Seang Fook	95, Lot 342, Jln Jelawi Sematang Tmn Muhibbah Fasa 2 Jejawi 02600 Arau.	04-9771288/019-4100355	04-9771289
<b>SP</b>	ZR362	Law Ah Meng	518, Jln Sekolah Rendah Kebangsaan, 02100 Padang Besar.	04-9490554	04-9492554
<b>KEDAH</b>					
<b>DC</b>	K134	Ong Bing Aim	70, Tkt 1, Lrg Semarak 3, Tmn Semarak 09000 Kulim.	04-4951564/016-4268025	04-4951828
	K213	Hj. Abdul Basir b. Wahab	13 Jln Simpang Kuala, Bdr Baru Simpang Kuala 05400 Alor Star.	04-7772916/013-4239897/ 013-5119897/013-4389897	04-7772915
	K219 <b>CNI</b>	Saeidi b. Ismail	87, Persiaran Mutiara Pusat Dagangan Kelana Mas 07000 Langkawi.	04-9672460/012-4941460	04-9663460
	K221	Ruzitah bt. Othman	Wisma Zainal Yusoff 7 Lengkok Cempaka, Persiaran Cempaka, Amanjaya 08000 Sg Petani.	04-4419897/012-9871175/ 013-9339897	04-4428897
<b>SP</b>	ZK134	Saw Kin Sua	3B, Jln Satu, Pekan Jitra 2, 06000 Jitra.	04-7337867/04-9178771	
	ZK285	Rohani bt. Yusof	No.3 Tkt 1, Tmn Serai Ria 09400 Padang Serai	017-4898420	
	ZK323	Lailawati bt Sumairi	No H6 Tkt 1, Pekan Baru Baling 09100 Baling.	013-4239606	
	ZK340	Zaini bt. Hashim	69, Tmn Dro' Muslim 09300 Kuala Ketil.	04-4162589/012-4239897	
	ZK342	Mukmin b. Mohd Rukun	385, Lrg Kenangan 4/9 Tmn Kenangan, Sg Karangan, 09410 Padang Serai.	04-4855513/019-4434003	
	ZK346	Jambiah bt. Ismail	39, Pekan Lama (Sebelah Mat Sirat Supermarket) Padang Mat Sirat, Kuah 07000 Langkawi.	019-5598337/019-4499507	
	ZK347	Siti Rawan bt. Ahmad	5, Pekan Changlon 2, 06010 Changlon.	012-4932758/04-9246923	
	ZK373	Faridah bt. Azis	No 1-B, Tkt Atas, Kedai 2 Tkt, Pekan Air Hitam, 06150 Air Hitam, Kedah.	017-5608371	
<b>PULAU PINANG</b>					
<b>DC</b>	P103 <b>CNI</b>	Choo Keen Lian	175, Perak Road, 10150 Penang.	04-2271092/2816718 (R)	04-2271092
	P216 <b>CNI</b>	Lim Lee Hiang	22, Jln Perai Jaya, 13700 Perai, Butterworth, Penang.	04-3986050	04-3984050
	P238 <b>CNI</b>	Loh Kong Wong	27, Lintang Angsana, Bdr Baru Air Hitam 11500 Penang.	04-8286626	04-8279626
<b>SP</b>	ZP112	See Yock Choo	19, Lrg Cermat 3, Tmn Sama Gagah. 13500 Permatang Pauh, Butterworth.	04-3906418/012-4286418	04-3902471
	ZP131	Goh Guek Keow	10, Lrg Sg Bakap Permai 5, Tmn Sg. Bakap Permai 14200 Seberang Perai Selatan.	04-58388006/019-4494257	
	ZP158	Nina Walis Choong bt. Abdullah	119, Jln Tun Dr Awang, Sg Nibong Kecil, Bukit Jambul 11900 Bayan Lepas.	04-6449637/019-5657126	
	ZP344C	Mohd Fadzil b. Mohd Ali	Gerai No 8, Dataran Tuah Jln Besar MK6, 11000 Balik Pulau.	016-4099328/016-4572517	
<b>PERAK</b>					
<b>DC</b>	A16 <b>CNI</b>	Kong Siew Weng	No 1, Jln U1, Tmn Universiti, 35900 Tg Malim.	05-4590029/4597469 (R)/ 012-5386669	05-4590029
	A17 <b>CNI</b>	Louise Cheng Sow Chin	14, Jln Ghazali Jawi, 31400 Ipoh (In front of stadium).	05-5460393/012-5069339	05-5476032
	A21	Kok Sau Kam	17, Jln Wayang Gambar, 34000 Taiping.	05-8070981/012-5072686	05-8070981
	A143 <b>CNI</b>	Lee Lian Hua	Lot 12650, 1st Flr, Jln Changkat Jong, 36000 Teluk Intan.	05-6217795	05-6217795
	A149	Low Ah Ying	S-23 Tmn Kampar, 31900 Kampar.	05-4664502/4651801 (R)/ 012-5084631/012-5191688	05-4664502
	A242	Kong Siew Weng	13, Persiaran Medan Bercham 4 Pst Bdr Baru Bercham, 31400 Ipoh, Perak.	012-5386669	
	A210 <b>CNI</b>	Kok Ah Mooi	23, Tmn Sentosa, Jln Lumut, 32300 Sitiawan.	05-6911171	05-6911171
	A224	Shamsul Ali b. Harabayni	17A, Medan Lagenda Medan Lapangan Lagenda, 31350 Jln Gopeng, Ipoh.	05-3111450/019-3262542	05-3111450
<b>SP</b>	ZA157	Lee Hock Soon	29, Rumah Awam Manong, 33800 Manong.	05-7760914	05-7760914
	ZA213A	Nurul Farhana Ong b. Abdullah	3, Persiaran Pinjil Selatan 8 Desa Pelancongan 31500 Lahat.	05-3113996/012-5215428	
	ZA246	Lee Suit Wooi	22, Tkt 1, Jln Raja 35000 Tapah.	05-40414033/016-5347633	
	ZA249	Hasni b. Tajul Ariffin	No 17A, Medan Kemunting 2 Medan Kemunting 34600 Kemunting Taiping.	019-4424462	
	ZA379	Then Chin Sing	No 7, Tkt Atas Jln Besar Tmn Desa Dua 34900 Pantai Remis.	05-6775107/016-7709629	

## DISTRIBUTION CENTRES & SALES POINTS

Code	Operator	Address	Tel	Fax	
<b>SELANGOR</b>					
<b>DC</b>	B56	Dr Azman Ching Eu Boon	9, Wisma Ching Eu Boon, Lrg Gudang Nanas 2, Jln Pasar 41400 Klang.	03-33439897/33433416/ 019-3209897	03-33419477
	B179	Jamil b. Zakaria	53A, Jln SS3/29 Tmn Universiti, 47300 Petaling Jaya.	03-78739897	03-78736897
	B197 <i>Cmi</i>	Ho Ken Fatt	13, Jln PSK1, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan.	03-89435480/89435481/ 012-2915007/012-6130643	03-89435481
	B205	Loh Ten Song	G10, Jln Sri Hijau 14 Tmn Sri Hijau, 48000 Rawang.	03-60928461/60928525	03-60928525
	B230 <i>Cmi</i>	Roslan b. Basir	1-12, Jln Dagang B/3A Tmn Dagang 68000 Ampang.	03-42701897	03-42706279
	B231	Tony Yew Swee Khen	12A, Jln USJ 21/6, 47600 UEP Subang Jaya.	03-80259639	03-80259637
	B233 <i>Cmi</i>	Rohaidah bt. Ramli	573, Jln Samudera Utara 1 Tmn Samudera, 68100 Batu Caves.	03-61841897	03-61842897
	B236	Siti Tumisah bt. Selamat	No 9, Jln Perwira 2 Tmn Perwira, 45300 Sg Besar, Selangor.	03-32247897	03-32245897
	B239 <i>Cmi</i>	Junaidah bt. Ahmad	92A, Jln 1/2 Seksyen 1, Bdr Teknologi Kajang, Off Jln Semenyih, 43500 Semenyih.	03-87233897/012-2919897/ 019-3158767	03-87244897
<b>SP</b>	ZB103	Harun b. Sood	PLB No 23, Batu 15 Pasar Malam, Paya Jaras, 47000 Sg Buloh.	03-61564811/61402064/ 013-6280366	
	ZB117	Noraini bt. Abdullah	Blk F 117-B, Tkt 1 Tmn Kem, Jln Kem 42000 Pelabuhan Klang.	03-31682466/016-2800767	
	ZB121	Lee Boon Hoe	79A, Jln Pendamar Pandamaran, 42000 Pelabuhan Klang.	03-31679897/012-2159897	03-31683505
	ZB128	Rubiah bt. Ismail	Lot 3674-Z, Kg Melayu Subang, 40000 Shah Alam.	03-78463407/019-2633914	03-78463407
	ZB176	Gan Choo Ann	161, Jln Sultan Abdul Samad, 42700 Banting.	03-31872333/012-3027433	03-31872333
	ZB209	Mohd Azhari b. Sarmadi	Depan Dewan Lrg 1, Kg Labohan Dagang 42700 Banting.	03-31494897/012-6260298/ 012-3198785	
	ZB211	Samsiah bt. Bahman	Lot 5298 Jln Haji Hashim, Bukit Kapar 42200 Klang.	013-6416826/019-3539897/ 03-33931686	03-33931686
	ZB223A <i>Cmi</i>	Zawiah bt. Abd. Aziz	No 43A-1-1B, 1st Floor Blok F, Pusat Bdr Baru Bangi, 43650 Bdr Baru Bangi.	03-89263540/019-3212827/ 019-3514041	03-89263540
	ZB255	Fuziah bt. Shari	No 33, Jln Meranti 2C Bdr Utama, 44300 Batang Kali, Selangor.	012-2811324/012-3043401	
	ZB256 <i>Cmi</i>	Rodzali b. Abd Wahid	No-41-1 Jln PDR 6, Kaw Perusahaan Desa Ria, 43300 Balakong.	03-89618673/019-2334303	
	ZB280	Sazali b. Abdullah	No 9, Jln 1 Tkt Bawah, Tmn Sri Sg Pelek, 43950 Sepang.	012-6119632	
	ZB286	Ahmad Dzarawi b. Mohd Salan	4, Jln 13 Tmn Dato' Harun 46000 PJ	03-77841859	
	ZB307	Mohd Sabri Md. Dom	47, Jln Klang Banting Teluk Panglima Garang, 452000 Banting.	019-3656926/019-2279897/ 012-2047998	
	ZB322	Mohd Jalani b. Supar	No 20, Jln 12A, Tmn Muhibah, 45200 Sabak Bernam.	03-32164761/013-6616702/ 013-6648818	
	ZB334	Eng Yik Chan	8, Jln Cecawi 6/16 Kota Damansara, 47810 PJ.	016-2029897/016-2039897	
	ZB350	Normah bt. Mayar	29, Jln Prima1/3, Tmn Puchong Prima, 47100 Puchong.	013-3655364/013-2481173	
	ZB353	Sitinah bt. Daiman	Lot 2323, Lrg Aman Kg Sijangkang 42500 Teluk Panglima Garang, Selangor.	03-31227021/016-3552162	
	ZB358	Ching Yew Hoo	No 56C, Jln Dato Dagang 24, Tmn Sri Sentosa, 41200 Klang.	03-51612232	
	ZB359	Arasu a/l Muniappan	No 23B (Restoran) Jln Besar, 34500 Batang Berjantai, Selangor.	03-32718897/016-6855845	03-32718897
	ZB364 <i>Cmi</i>	Zamri b. Kassim	11, Tkt 1 Jln Timun C/24C, Seksyen 24, 40000 Shah Alam.	03-55413004/019-3329897	
	ZB367	Hisham b. Salim	18, Jln W.Megah 1/2, Kota Warisan Best, 43900 Selangor.	03-87065518/019-5515518	
	ZB371	Suria b. Abd Rahman	Lot 3 Tkt 2 Bgn Tabung Haji, Jln Kilang Padi, 45500 Tg Karang.	03-32697897/019-2057516	
	ZB372	Meenachie a/p Sundaraju	No.32-1 (1st Floor), Jln Temenggung 1/9, Bdr Mahkota Cheras, 43200 Cheras.	016-2205007/016-2023154	

## DISTRIBUTION CENTRES & SALES POINTS

Code	Operator	Address	Tel	Fax	
<b>WILAYAH PERSEKUTUAN</b>					
DC	W131	Cheah Kong Chun	211 A, Jln Genting Klang, 53300 Setapak.	03-40245133	03-40239195
	W192	Choong Mun Fook	54-A, Jln Serkut, Tmn Pertama, Cheras 56100.	03-92877190	03-92877190
	W196	Chin Mee Ling	21-1, Jln Ipoh Kecil, 50350 Jln Ipoh.	03-40456826/016-6117856	03-40451085
SP	ZW172	Muhamad Rasid b. Kadir	2 Lrg Keramat Dalam 2 Dato Keramat 54200.	03-42561469/016-3037537	
	ZW222A	Abu Seman b. Lias	97A Tkt 1, Jln Besar Kerinchi Bangsar 59200.	019-2539197	
	ZW360A	Ahmad Fawzy b. Mohd Hashim	No 19, Jln P9 B1/15 Presint 9, 62250 Putrajaya.	03-88901337/012-6028337/ 012-3728837	03-88902337
	ZW363	Effie Leong Yi Fui	No 7, JKln 20/26 Tmn Seri Rampai, 53300 KL.	03-40232122/012-3457337	
<b>NEGERI SEMBILAN</b>					
DC	N59	Hew Yoong Wui	656, Jln Haruan 4/10 Pusat Komersial Oakland, 70300 Seremban.	06-6338337/019-6500588/ 06-7629361 (R)	06-6339337
	N156	Siow Pin	No. 1052 Tkt Atas, Jln Perhentian Bas, Pulau Sebang 73000 Tampin.	06-4415128/016-2380204/ 016-3625530	06-4415128
	N222	Harun b. Tahir (Helmi Gimmicks)	PT 7165 Jln BBN 1/1A Putra Point, Phase 1 Bandar Baru Nilai 71800.	06-8500130/012-5119897	06-8500138
SP	ZN201	Mokthar b. Bujang	No PT 4509, Jln Puteri 17, Tmn Desa Puteri, 72100 Bahau.	06-4540846/019-9463956	
	ZN292	Md Amran b. Hassan	PT21/2 Tkt Bawah, Tmn Sri Mawar Jln Bypass 71000 Port Dickson.	012-2157227 012-2056227	
	ZN313	Mohd Ghazali b. Awaludin	Lot 2, Jln Senama Hilir, 71300 Rembau.	012-6099535/06-6857617	
	ZN352	Rafidah bt. Shamsudin	Lot 5703 No. 23, Tmn Gemenchek Jaya, 73200 Gemenchek.	017-2180453/017-6112504	
	ZN357	Kamariah bt. Ahmad	131-2, Jln Tmn Kormesil Senawang 1, Tmn Kormesil Senawang 70450 Seremban.		
	ZN376	Aisah bt. Kairollah	No 462 Blk 10, Felda Palong 8, 73470 Gemas.	06-4646825/012-9141404	
<b>MELAKA</b>					
DC	M207	Nazri b. Talib	11, Jln BBP 1 Tmn Berendam Putra 75350 Batu Berendam Melaka.	06-3359978/06-3369349/ 019-6555313/013-6189897	06-3350067
	M237	Chong Mun Fook	57-A, Jln Kota Laksamana 1/2 Tmn Kota Laksamana.	06-2837617	06-2827723
SP	ZM119A	Sabri b. Ab Hamid	1379, Tkt 1(Atas), Komplek Perniagaan Bdr Baru, 78300 Masjid Tanah.	06-3517809/013-6191208	06-3517809
	ZM192A	Jaafar b. Hashim	590-1 Km 12 Kg Pemu, Pemu 75460.	06-2610012/012-6764096	06-2610012
	ZM199	Kalsom bt. Rahmat	2.13 Tkt 1 Aked Mara, Jln Pasar, 78000 Alor Gajah.	06-3162001/013-6257842	
	ZM217	Ajis b. Ali	409-2 Batu 7 1/4 Bukit Rambai 75250.	06-3345515/012-3109897/ 012-3609602	
	ZM291	Md Shah b. Samat	Pertubuhan Peladang Kawasan Merlimau J 4613 (Atas), Jln Muar 77300 Merlimau.	06-3853681/016-6461490	
	ZM356	Zainun bt. Bakar	Lot 24 JB 6484, Rumah Kedai Pekan Nyalas, 77100 Asahan.	019-6237630	
ZM378	Rozamanja b. Abdullah	JB 2325-1A, Bdr Baru Jasin 3, 77000 Jasin Bandaraya.	019-6534599		
<b>JOHOR</b>					
DC	J58	Tey Ching	14, Tkt 1, Jln Raya, Kulai Besar 81000 Kulai.	07-6633467	07-6633467
	J101	Chua Chong Hong	277, Jln Sutera, Tmn Sentosa 80150 Johor Bahru.	07-3338995/016-7338995/ 012-7172937	07-3343862
	J135	Lim Tin Hok	72, Jln Indah Satu, Tmn Bukit Indah, 81200 Johor Bahru.	07-2363628/016-7338226/ 019-7713628	07-2379228
	J146	Lim Siew Hai	No 1 <sup>st</sup> Floor, Jln Muhibbah 2, Tmn Muhibbah, 85000 Segamat.	07-9332139/012-6583308	07-9326143
	J189	Dewi Ida Yanti Harahap	7, Jln Molek 2/5 Tmn Molek, 81100 Johor Bahru.	07-3524731	07-3543466
	J191	Chua Teck Khuan	No 3, Tmn Seri Gemilang, Jln Salleh, 84000 Muar, Johor.	06-9526590/019-6556563	06-9545191
	J218	Tay Chieng Hoong	46, Jln Intan 2/2 Tmn Intan, 86000 Kluang.	07-7710242/012-7987598	07-7710242
	J225	Saripah bt. Jumahad	728, Tkt 1 Jln Teo Kang Sui Dalam, 82000 Pontian.	07-6869070/012-7326697	07-6869070
	J226	Kamaruddin b. Ab Ghani	400, Jln Wawasan 4, Tmn Wawasan, 86800 Mersing.	07-7997002/013-9849897	07-7997003
J227	Dr Azman Ching Eu Boon	Wisma ACEB 15, Jln Setia Jaya, Tmn Setia Jaya, 83000 Batu Pahat.	07-4389897	07-4319897	

## DISTRIBUTION CENTRES & SALES POINTS

	Code	Operator		Tel	Fax
<b>JOHOR</b>					
SP	ZJ163	Faizah bt. Mohd Sani	No 23-A, Jln Kolam Air, Tmn Medan Indah, 81900 Kota Tinggi.	07-8832051/016-7572046/ 017-7319897	07-8832051
	ZJ180A	Lim Foo Heng	23 Kampung Baru SATU, 84900 Tangkak, Johor.	06-97820258/0122317321	
	ZJ231	Norkamil b. Daimin	No 40, Jln Padi, Bdr Baru Uda, 81200 Tampoi.	07-2357221/016-7177221	07-2357221
	ZJ241	Juha b. Said	No 9, Perhentian Bas dan Teksi, 81550 Gelang Patah, Johor.	013-7056869/0137632010	
	ZJ259	Wakio@Wagio b. Marjan	76A, Jln Rambutan, Tmn Tiram Bahru, 81800 Ulu Tiram.	012-7685723	
	ZJ335	Noyziah bt. Mohd Yasin	No 18A, Jln Kebudayaan 1A, Tmn Universiti, 81300 Skudai.	07-5215620/013-7305335/ 019-7173515	
	ZJ365 ZJ377	Abdul Rahman b. Hussin Corena Anak Ambau	No 36, Jln Cengkih, Tmn Makmur, 86000 Kluang. 19, Jln Bayan 31/1, Tmn Megah Ria, Masai 81750, Johor Bahru.	07-7712948/019-21880898 07-3879468/013-7039468	
<b>KELANTAN</b>					
DC	D188	Lee Chun Kiat	PT397, Tkt Bawah, Jln Dusun Raja, Sri Cemerlang 15400 Kota Bharu.	09-7433625/019-9809897	09-7477433
	D241	Kamaruddin Ab Ghani	Lot 3117 Kweng Hitam, Jln Besar, 18500 Machang.	09-9758200	09-9578300
SP	ZD225A	Rokiah bt. Jusoh	No 6, Depan Dewan Majlis Daerah Kuala Krai Utara (MDKKU) 18000 Kuala Krai.	017-9738776/012-9452303/ 019-9627689	
	ZD337	Mohd Shamsuddin b. Berahim	No 61, Jln Puteri Sa'dong, 16250 Wakaf Baru Tumpat.	012-9551606	
	ZD351	Hartina bt. Amir	W2/458, Jln Hospital, 17000 Pasir Mas, Kelantan.	019-9184408/013-9791272	
<b>TERENGGANU</b>					
DC	T118	Lim Mon Nee	40-A, Jln Jakar, Chukai 24000 Kemaman.	09-8591028	09-8591028
	T240	Foo Tong Kun	219, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6220085/012-9892628/ 019-9782628	09-6310085
	T232	Nazri b. Talib	PT 10371 Tkt 1 Batu 5, Jln Paka, Tmn Bukit Bauk, 23000 Dungun.	09-8423897/8423898	09-8423890
SP	ZT122A	Minah bt. Ali	160A, Pekan Ajil 21800 Ajil.	09-6862692	
	ZT227A	Zawiah bt. Md Nasir	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 KT.	09-6660366/013-94336988	
	ZT265D	Azizudin b. Endut	Depan Masjid Kg Banggol, 22100 Bdr Permaisuri Setiu, Terengganu.	09-6099899/019-9228508	
	ZT278	Siah Joon Sam	777-C Depan Stesen Bas, Jln Besar, Seberang Barat 22300 K. Besut.	09-6902868	09-6902868
	ZT298	Mohd Fauzi b. Muda	759-5, Kg Baru 24300 Kerteh.	017-9702384/019-3375967	
<b>PAHANG</b>					
DC	C175	Hasnah bt. Hasan	10, Tkt Bawah & Satu, Jln Sudirman 7, 28000 Temerloh.	09-2966127/09-2774753 (R)	09-2966127
	C202	Murad b. Basir	B.58, Jln 1 M3/10 BIM Point, Bdr Indera Mahkota, Jln Kuantan 25200 Kuantan.	09-5732626/2628/ 013-9349897	09-5732636
	C203	Ooi Thian Lai	No 16, Jln Anggerik 28400 Mentakab.	09-2771463/019-9551626	09-2771463
SP	ZC139	Ismail b. Mohamed	Lot 20, Tkt 2 Jln Engku Muda Mansur 26600 Pekan.	09-4269126/010-9176320/ 019-9525349	
	ZC230	Abdul Rahman b. Talib	No 7, Gerai MDB, Atas Hentian Raya Bentong, 28700 Bentong.	09-2224120/016-3643240	
	ZC300	Jamilah bt. Mohd Yusof	101A, Medan Niaga Bangunan MARA, Jln Stesen 27200 Kuala Lipis.	09-3122176/019-9661966	
	ZC369	Zaharah bt. Abd Ghani	No 119, Kg Sri Dahlia, Jengka 3, 26400 Bdr Pusat Jengka.	09-4765344/013-6020451	
	ZC370	Lai Ka Soon	B-1882 Lrg Sekilau 32, Tmn Pacific, 25200 Kuantan.	019-9839963	

## DISTRIBUTION CENTRES & SALES POINTS

Code	Operator	Address	Tel	Fax	
<b>SARAWAK</b>					
<b>DC</b>	KUBR	Sarawak Branch	Lot 9392 Section 64 Kuching Town Land District 3 1/2 Mile Jln Pending 93450 Kuching.	082-340619/340620 /340621	082 - 345280
	SR82 Cms	Chua Beng Tiong	Lot 586, 1st Floor, Pelita Commercial Centre, Miri-Pujut Road 98000 Miri.	085-410117/085-410118 (R)	085 - 410117
	SR186 Cms	Vong Say Yin	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jln Tun Ahmad Zaidi Adruce 93150 Kuching	082-424313/019 - 8182623	082 - 240192
	SR204 Cms	Affizah Kadri	Lot 9820 Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya 93050 Kuching.	082-370439/012 -8916100 / 012-8939897	082 - 413092
	SR206 Cms	Yew Phei Sing	189 Park City Commerce Square 97000 Bintulu	086-310611/019-8151611	086 - 310611
	HC16	Sibu Service Centre	No 1, 1st & 2nd Flr, Pusat Tanahwang, Jln Pedada 96000 Sibu.	084-321284	084 - 321305
	SR234 SR235	Thien Siew Chiang Ramli bin Jack	No 6 Lot 1752 Jln Hospital 95000 Bdr. Sri Aman No 8, 1st Floor Medan Universiti Lot 3688 Block 26 MTLD Sungai Segiting, Kota Samarahan 93450 Kuching, Sarawak.	083-325313/019-8195313 082-661897/013-8019897	083 - 325313 082 - 673897
<b>SP</b>	ZSR104	Tan Chou Tee	6A 1st Flr, Jln Parry 98000 Miri	085-437578/012-8731200	085 - 437578
	ZSR155A	Mohd Rasdi bin Mat	54-C, Kg Hilir 96000 Sibu.	084-332216/012-8819897	
	ZSR189A	Voong Shiaw Fui	5A, Jln Karim 96100 Sarikei.	084-656397/ 084-656397	
	ZSR245A	Leong Kin Lee	78 Newtownship 96400 Mukah.	084-871297/013-8063268	
	ZSR302C	Mohd Rizal Rajinder b. Abdullah	Tingkat 1 Lot 1349 Jln Pandaruan Kg Bangkita 98700 Limbang.	085-215117	085 - 215117
	ZSR303	Vincent Disun Sijore	1 Tkt 1 Market Serbaguna, Majlis Daerah Bau, 94000 Bau.	013-8236390/082-642089	
	ZSR309A	Wong Chui Ngiik	Grd Flr 14 Lot 256 Jln Masjid Baru 98850 Lawas.	019-865 3693	
	ZSR325	Mohd Abu Zaid b Salleh	16 Lot 1864 Lorong 3 Tmn Lily, Jln Unak 95400 Saratok.	017-2220133	
	ZSR329	Mohd Amin b. Abd. Rahman	13 Ladang Kosa, PO Box 661, 98007 Miri, Sarawak.	085-492101/013-8338131	
	ZSR331	Ng Siaw Hoon	84, 1st Floor, Jln Bandar Serian 94700 Serian.	012-8903734	
<b>SABAH</b>					
<b>DC</b>	SBBR	Sabah Branch	Lot C6 Lorong 1A, KKIP Selatan, Kws MIEL, KKIP Jln Sepanggar, Menggatal 88460 Kota Kinabalu.	088-491100/01/02	088 - 491105
	SB107	Ng Chee Yew	Lot 18 Tkt 2 Ribumi Complex, Jln Masak Keningau 89000 Sabah.	087-333715 / 335295 (R)/ 013-8726299	087 - 333715
	SB166	Lim Pui Heng	Ground Floor, MDLD 0156, Jalan Cempaka 91100 Lahad Datu.	089-881953	089 - 881953
	SB168	Lim Wei Leon	Lot 29 block E 1st Flr, Jln Albert Kwok Sedco Complex Kg Air 88000 Kota Kinabalu.	088-247790/013-8604168	088 - 247789
	SB178	Helen Lau Sui Len	P.O. Box 22 J.K.R. 91207 Kunak	089-852324/019-843 3229	089 - 852324
	SB215	Wah Yun Yong @ Salmah	TB999 Jalan Utara 91000 Tawau Sabah	089-768154/019-8033413	089 - 776867
	SB223	Abdul Basir b. Wahab	Lot 19 Bdr Pasaraya batu Jln Labuk PPM 10 Elopura 90000 Sandakan	089-224868/012-4019897/ 012 - 8139897	089 - 211723
<b>SP</b>	ZSB170	Su Meau Huat	1st Floor, Ph II, Lot No 15 Tmn Teo Ee, The Shopping Complex 89200 Tuaran.	088-794928/013-8736636	088 - 794928
	ZSB281	Lahamah bt. Albani	Lot 3 Blk A, Bdr Baru Semporna 91308 Semporna.	089-782680/013-8984991	
	ZSB316A	Didacus Wong	Peti Surat 14 Pekan Tambunan 89657 Sabah.	019-8021699	
	ZSB338	Junaidi bin Patch	Jln Player Block 17 Tingkat 1 APT.CI P.PJU 90307 Bandar Sandakan.	089-229132/019-8208799/ 019-5835847	
	ZSB349	Mohd Zaini b. Abu Hasan Shaari	No 36 Taman WTK 89108 Kota Marudu.	088-663915/013-3458351/ 013-5580917	
	ZSB361	Raymund Nicolas George	Lot 7 (1st Floor), Blk A Donggongan Square 89500 Penampang.	088-731687/012-8282687/ 013-8607687	
	ZSB374	Tassim bin Miasin	Lot 9B, Tmn Hoi Yen, Jln Kerupang 2, 87000 W.P. Labuan.	087-429879/013-8549879	

## DISTRIBUTION CENTRES & SALES POINTS

Code	Operator	Address	Tel	Fax	
<b>BRUNEI</b>					
DC	BR0001	Brunei Branch CNI Enterprise (M) Sdn Bhd	Simpang 88 Unit No. 9 Block B, Ground Floor, Bgn Begawan Pehin Hj Md. Yusuf, Kpg Kiulap BE1518 Negara Brunei Darussalam E-mail: fce212@brunet.bn	0673-2-237291/ 00673-2-237292 Cni Hotline: 00673-2-237291	00673-2-237294
SP	ZBR336A	Ahmad Faris b. Awang Hj Mohd Noor	No. 7 Blok D, Junjongan Industrial Park Simpang 2169 Kg. Junjongan Mukim Lumapas BH2123 Brunei	00673-8644041	
	ZBR368A	Hajjiah bt Mohd Salleh	Pasarneka Setia, Brunei	00673-8199897	
<b>SINGAPORE</b>					
DC	SG1	Singapore Branch Creative Network International (S) Pte. Ltd.	111, North Bridge Road #15-01 / #15-02 Peninsula Plaza, Singapore 179098 <a href="http://www.cni.com.sg/">http://www.cni.com.sg/</a> e-mail: cnisg@singnet.com.sg	02 - 63320275	02-63377395
SP	SSP001	Goh Tiong Min	Blk 202 #01-1668 Ang Mo Kio Avenue 3 Singapore 560202	02 - 92370642	

# PROXY FORM



CNI HOLDINGS BERHAD (181758-A)

NO. OF SHARES HELD

I/We \_\_\_\_\_ NRIC/Co. No. \_\_\_\_\_  
 (Full name in block letters)

of \_\_\_\_\_  
 (Full address)

being a member of CNI HOLDINGS BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
 (Full name in block letters)

of \_\_\_\_\_  
 (Full address)

\*and/or failing him, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
 (Full name in block letters)

of \_\_\_\_\_  
 (Full address)

or failing \*him/both, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Diamond Hall, First Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 19 June 2008 at 11.00 a.m. or any adjournment thereof. My/our proxy shall vote as follows:

NO	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements and Directors' and Auditors' Reports for the year ended 31 December 2007		
2.	To re-elect Law Yang Ket as Director		
3.	To re-elect Thiang Kai Goh as Director		
4.	To re-elect Aggie Chew Poh Lian as Director		
5.	To re-elect Lim Lean Eng as Director		
6.	To approve the payment of Directors' fees		
7.	To appoint Messrs Moore Stephens AC as Auditors and authorise the Directors to fix their remuneration		
8.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	To approve the Proposed Renewal of the Recurrent RPT Mandate and the Proposed New Recurrent RPT Mandate		
10.	To approve the Proposed Share Buy-Back		

(Please indicate with an "X" in the space provided as to how you wish your vote to be cast. If you do not so indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

	No. of Shares	Percentage
First Proxy		%
Second Proxy		%
Total		100%

Signature (s) / Common Seal of Member (s)

\* Delete if not applicable

## NOTES:

1. A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. **A proxy need to be a Member of the Company** and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**The Company Secretary**  
**CNI HOLDINGS BERHAD**

Wisma CNI, No 2, Jalan U1/17  
Seksyen U1, Hicom-Glenmarie Industrial Park  
40000 Shah Alam  
Selangor Darul Ehsan

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Email : [info@cniholdings.com.my](mailto:info@cniholdings.com.my) [www.cniholdings.com.my](http://www.cniholdings.com.my)