



Annual Report 2008
CNI Holdings Berhad (181758-A)



Success
Through
Entrepreneurship



Success Through Entrepreneurship

At CNI, we believe in success.

We believe that the multicultural sounds of our diverse communities, from the conservatives to the modernists, each and every one can generate one single tune of success and it can be achieved through entrepreneurship.

We believe in tapping the creativity and innovative minds of dynamic entrepreneurs. We strive to sustain the ecology of our entrepreneurship through good stewardship and sustainable ethical practices.

And richness of success must be holistic. We are beyond mere business.

We are CNI.



VISION

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

MISSION

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

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.





Financial Highlights	03
Corporate Profile	04
Corporate Calendar	05
Chairman's Statement	08
Group Structure	12
Corporate Information	13
Board of Directors	14
Statement on Corporate Governance	20
Statement on Internal Control	28
Audit Committee Report	33
Statement of Corporate Social Responsibility	37
Statement of Directors' Responsibility	39



Financial Statements

Directors' Report	40
Statement by Directors & Statutory Declaration	45
Report of the Auditors	46
Consolidated Balance Sheet	48
Consolidated Income Statement	50
Consolidated Statement of Changes in Equity	51
Consolidated Cash Flow Statement	52
Balance Sheet	54
Income Statement	56
Statement of Changes in Equity	57
Cash Flow Statement	58
Notes to the Financial Statements	60
List of Properties	112
Additional Compliance Information	114
Analysis of Shareholdings	118
Notice of AGM	121
Statement Accompanying Notice of AGM	124
Distribution Centres & Sales Points	125
Proxy Form	131





YEAR ENDED 31 DECEMBER

PERFORMANCE (RM'000)	2008	2007	2006	2005
Revenue	181,886	180,122	204,006	234,223
Profit Before Taxation	23,458	27,652	34,969	42,042
Attributable Profit	16,961	20,811	25,359	30,245
KEY BALANCE SHEET DATA (RM'000)				
Share Capital	72,000	72,000	72,000	60,000
Shareholders' Equity	111,272	100,944	93,467	82,853
Total Assets	149,520	137,857	144,708	126,056
Borrowings	179	206	684	5,870
FINANCIAL RATIOS				
Net Earnings Per Share ("EPS") (sen)	2.36	2.90	3.52	4.20
Net Dividend Per Share (sen)	0.89	1.62	2.18	2.88
Net Assets Per Share ("APS") (sen)	15.51	14.05	12.99	11.51
Gearing Ratio (%)	0.2%	0.2%	0.7%	6.6%


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

CNI Holdings Berhad	Investment holding and provision of management services.
CNI Enterprise (M) Sdn Bhd ("CNIE")	Multilevel marketing of health care and consumer products.
Exclusive Mark (M) Sdn Bhd ("Exclusive Mark")	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages.
Q-Pack (M) Sdn Bhd ("Q-Pack")	Manufacturing, trading and packaging of household and personal care products.
Creative Network International (S) Pte Ltd (subsidiary of CNIE)	Multilevel marketing of health care and consumer products in Singapore.
Symplesoft Sdn Bhd (formerly known as Key Elite Sdn Bhd) ("Key Elite")	Provision of IT services outsourcing and e-commerce.
Symplesoft eSolutions Sdn Bhd (subsidiary of Key Elite)	Provision of software and e-commerce solutions
Infuso Sdn Bhd ("Infuso")	Operation of food and beverage outlets, namely Pick n' Brew.
Regal Effect Sdn Bhd (subsidiary of Infuso) ("Regal Effect")	Operation of food and beverage outlets, namely Otak-Otak Place.
Lotus Supplies Sdn Bhd	Trading of industrial materials.

As one of the leading multilevel marketing companies in Malaysia, CNI Holdings Berhad has established its footholds since 1989.

Proud to be wholly Malaysian, CNI started as Homca Chemical Sdn Bhd and changed its name to Forever Young Holdings Sdn Bhd in 1991. Due to a restructuring in 2002 and subsequently a corporate exercise in 2004, it took its present name, CNI Holdings Berhad. In August 2005, it 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 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, presently its distribution centres totaled at 65 and its sales points amounts to 83.

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

Recently, the Group expanded its business portfolio to include retail food and beverage which carries the brand name of Pick n' Brew and Otak-Otak Place under its two subsidiaries, Infuso and Regal Effect.

Key Elite which was primarily dealing in e-commerce, now also provides IT services for better centralization of resources within the Group. Its name has also been changed to Symplesoft Sdn Bhd.

To ensure the success of our entrepreneurs, CNI has a range of products that enhance 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, household, are available to provide complete solutions to meet its consumers' daily lifestyle requirements and health concerns.

Armed with its vision to be the most innovative, dynamic and caring network marketing company in the country, CNI relentlessly seeks to upgrade its services and products while not forgetting the environment and the community at large.

Exclusive Mark and Q-Pack have been accredited with GMP (Good Manufacturing Practice) standards and ISO 9001:2000 certification, while much research and development (R&D) have and are being carried out with various laboratories and research institutions to further improve existing CNI products.

Yayasan CNI, CNI group's charity arm, has supported various local and international charity projects besides carrying out its own programmes. 52,000 children has also benefited from its Children Education Fund.

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



FEBRUARY – AUGUST 2008
5,000 Visitors at Karnival Mesra CNI



Karnival Mesra CNI was organized in 9 Distribution Centres throughout Malaysia. 5,000 people participated with almost 400 distributors recruited.



12 FEBRUARY 2008
Signing of MOU between TEKUN Nasional and CNI as “Rakan Niaga Strategik”

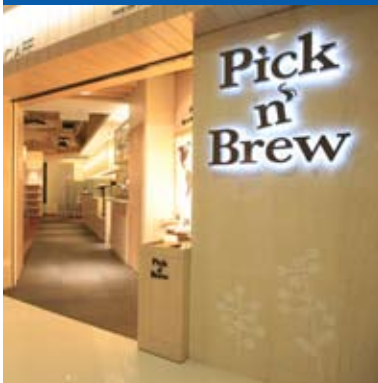


CNI was selected as one of TEKUN Nasional “Rakan Niaga Strategik” and the MOU was signed in February 2008. This signifies the start of the collaboration programme called TEKUN-CNI Entrepreneur Development Programme (PPUTC).

27 APRIL 2008
The “Outstanding Hokkien Malaysian” Award



CNI Group Executive Chairman & CEO, Dato’ Koh Peng Chor was awarded the Outstanding Hokkien Malaysian by the Federation Of Hokkien Associations Of Malaysia.



30 MARCH 2008
Opening of second Pick n' Brew outlet



The second Pick n' Brew outlet opened in One Utama Shopping Centre. It can seat a maximum 82 pax.





14-16 MAY 2008
Exclusive Mark in China



Exclusive Mark (M) Sdn Bhd participated in SIAL China, Shanghai. The exhibition is China's largest and leading international exhibition for Food, Beverage and Hospitality trade.



17 MAY 2008
Carnation Charity Treasure Hunt & Disaster Aid Donations

Yayasan CNI, China Press and Feminine magazine organized a treasure hunt to raise funds for its single parents programme. Yayasan CNI also donated RM10,000 each to the Sichuan Earthquake Relief Fund and the Myanmar Cyclone Nargis Relief Fund.



7 JULY 2008
CNI MDAMs Received "Outstanding Entrepreneur Award"

Three Million Diamond Agency Managers (MDAMs); Murad Basir, Dato' Dr. Azman Ching and Selvam a/l Ganappatti, each received the "Outstanding Entrepreneur Award" from the Direct Selling Association of Malaysia (DSAM).



23 SEPTEMBER 2008
Annual Breaking of Fast with Orphans

CNI hosted the annual Breaking of Fast with orphans from Rumah Amal Belaian Kasih and Teratak Shifa.



11 OCTOBER 2008
Yayasan CNI Charity Dinner
Raised RM250,000

Yayasan CNI organized a Charity Dinner in conjunction with its 10th Anniversary in Klang. A total of RM250,000 was raised for the "Single Parent Family Caring Project".



OCTOBER - NOVEMBER 2008
CNI 19th Anniversary Celebration

Thousands of guests converged in Alor Star, Putrajaya, Kuantan and Johor Bahru. All CNI achievers received due recognition and acknowledgement.



2 NOVEMBER 2008
Launch of Up Café TAGG Coffee

New product, new taste. Up Café TAGG Coffee offers the benefits of three main traditional ingredients – Ginseng, Tongkat Ali and Lingzhi.



23 NOVEMBER 2008
Otak-Otak Place

Otak-Otak Place opened its door at One Utama Shopping Centre end 2008. It serves a variety of 16 otak-otak based dishes.



3-7 DECEMBER 2008
Q-Pack at the Vietnam International Trade Expo

Q-Pack (M) Sdn Bhd participated in the Vietnam International Trade Expo in Ho Chi Minh City as part of Malaysia External Trade Development Corporation (MATRADE) programme.





We believe that the Group is strong and will continue to grow stronger since our fundamentals are sound. We have managed to consistently stay afloat time and time again





DEAR ESTEEMED STAKEHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report incorporating the Financial Statements of CNI for the year ended 31 December 2008.

Year 2008 has been quite a year especially towards the last quarter as the whole world was catapulted into one big global economic crisis and many countries including Malaysia, are still uncertain of the turnaround time.

Against this backdrop, the Group re-strategised its targets and undertook several initiatives to boost productivity especially for our direct selling business.

We believe that the Group is strong and will continue to grow stronger since our fundamentals are sound. We have managed to consistently stay afloat time and time again.

FINANCIAL PERFORMANCE

CNI Group recorded a consolidated turnover of RM181.9 million in 2008, which is a growth of about 1.1% as compared to 2007 of RM180.1 million.

Our Group registered a profit before tax ('PBT') of RM23.46 million and profit after tax ('PAT') of RM16.95 million. Comparing to last year figures, PBT is down by 15.2% and PAT declined by 18.6%.

The reduction in profits is mainly due to the several sales initiatives within the direct selling business, primarily the extra cash incentives and the consistency campaigns to boost distributors' productivity. These sales initiatives were able to keep the momentum even though the overall consumer sentiments were exceptionally cautious throughout the year.

DIVIDEND

A total gross interim dividend of 1.8 sen per share with a total amount of RM9.7 million (net of tax) was paid out to all the shareholders in respect of the financial year under review.

The dividend yield of 7.8% was based on the closing market share price as at 30 December 2008.

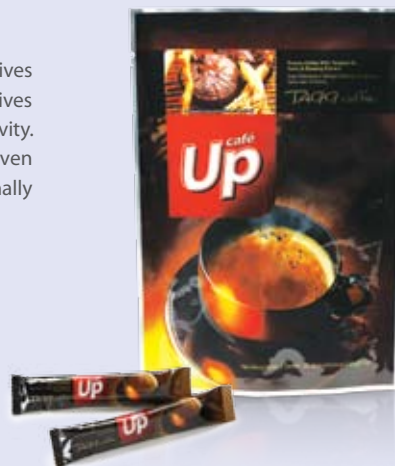
The previous year, the Group paid a total gross interim dividend of 2.2 sen per share with a total amount of RM11.6 million (net of tax).

OPERATIONAL REVIEW

Multi Level Marketing (MLM)

Almost 85% of the Group's revenue is being contributed by the direct selling operations in Malaysia and Singapore.

The main contributor is still the food and beverage category which commands a 36% of the sales figure. The coffee range is still the most popular with products such as CNI Tongkat Ali Coffee and CNI Café and recently, the new UP Café TAGG coffee which was launched late 2008, received positive feedback.





A few food and beverage products will be rolled out this 2009 including one coffee product specifically for women, also under the product brand of UP Café.

As for the CNI WaterLife product, our 7-filter water treatment system is still going strong with about 40,000 units being used throughout the country in totality since its launch 2006.

In today's lifestyle, health and wellness have become a priority for most people and our nutritional and health line are steadily showing growth. Our Life Enzyme, Organik and Royal Jelly products are still popular with our market segments.

In total, CNI launched 23 new products including SandFi – our new weight management product and upgraded 37 existing ones inclusive of our cosmetic range IRES and C₃ Skin Care line in 2008.

In line with the Government initiatives to build aspiring Bumiputera entrepreneurs, CNI was selected as one of the Rakan Niaga of TEKUN Nasional in early 2008 and the birth of PPUTC (Program Pembangunan Usahawan TEKUN-CNI) came about. As at the end of 2008, about 237 CNI distributors received funding with a total of RM1.18 million disbursed by TEKUN Nasional.

The Group also celebrated the achievements of the distributors regionally with the 19th Anniversary Safari Convention, starting from Alor Star, Kuala Lumpur, Johor Bahru and Kuantan.

The total number of Million Diamond Agency Managers (MDAM) rose to 53 with the addition of 4 new members. There were also 22 new Car Fund Achievers and 3 House Fund Achievers during the year. As of December 2008, CNI has 65 distribution centres (including 3 branches and 6 service centres) and 83 sales points in Malaysia.

The Group is also taking proactive steps in enhancing the membership of its consumers. While acknowledging that the existing distributorship is dwindling due to the competitiveness of the direct selling industry, the Group is currently putting together a strategic plan including an experience centre which will come into being some time this 2009.

At this point in time, our plans are progressing well.

Manufacturing

The Group is proud to say that the manufacturing operation has been progressing well with a steady growth of 7% in revenue. Always maintaining its focus on quality control and product safety, has put the manufacturing arm in good stead with its clients.

The initiative to obtain the ISO 17025:2005 accreditation for our laboratory in competency testing and calibration is in progress and is expected to be achieved by 2009. The purpose is to enable the laboratory to perform tests in chemical and microbiology areas. With the accreditation, it will further enhance our profile in manufacturing high quality products.

This is the Group's commitment and it will stand unwavering even in adverse market conditions.

Retail – Food & Beverage

Continuing CNI's strength in food and beverage and its R&D innovation, the Group has added another food and beverage business under a wholly-owned subsidiary, Regal Effect Sdn Bhd which takes care of the food chain called Otak-Otak Place and the first outlet is in 1Utama shopping complex.



Pick n' Brew, the first retail F&B business opened its second outlet at 1Utama in March 2008 (the first is in Wisma CNI, Hicom-Glenmarie).

As mentioned previously, the concept of our Pick n' Brew café is to cultivate a chic yet healthy lifestyle. Whereas, Otak-Otak Place caters to a more modest income-generating group.

The Group will look into any further development and expansion including licencing and adding new outlets, subject to its viability and profitability.

E-Commerce

The world of technology is changing and evolving constantly. In order to keep up with the changes, CNI will continue to upgrade if not aggressively transforming its information technology and systems as well as its e-commerce business.

After one year in operations, the Group's direct selling e-commerce portal www.myCNI.com.my has registered significant growth in terms of distributors' usage as they too see the need to facilitate the changes and trends of the global business environment in reaching out to the internet-savvy consumers.

The Group sees the potential in the younger generation and will continue with the need to stay relevant and to evolve according to the times.

Future Development

As the economic situation remains uncertain, the global recession may be prolonged as the inflation and the unemployment rate continue to rise.

With this in mind, the Management is aware of the need to be cautious as overall market sentiments continue to be unsteady.

The Group's management will focus on streamlining its resources and increasing productivity across the board. Ensuring adequate resources on par with the highest efficacy will be an important concern. Developing new products whilst concurrently keeping costs in check and improving efficiency will be part of our major operational concerns.

Strategizing on building up the CNI brand and presence locally and regionally, the Group will persist on establishing and positioning CNI as one of the leaders in the direct selling industry.

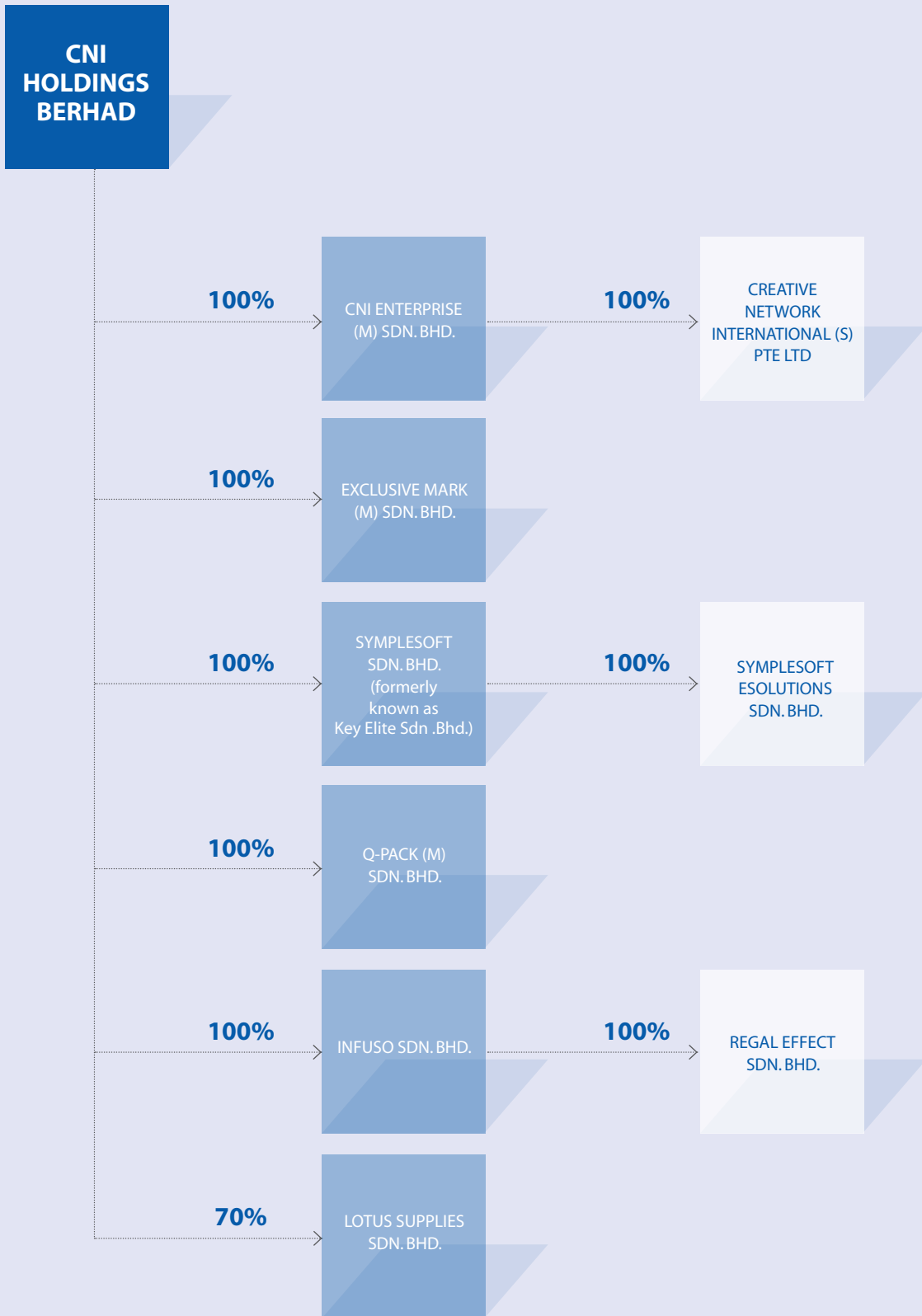
Improvement of services, accessibility and reaching out to its consumers as well as margin augmentation will be our continuous effort in making CNI as an innovative and resourceful company in the country.

Acknowledgement

I would like to express my utmost thanks to our shareholders, the management team, employees, distributors and all our stakeholders for their steadfast loyalty and commitment to the Group.

Also, my sincere appreciation to all my colleagues on the Board for their dedication, valuable advice and support provided throughout the year.

Dato' Koh Peng Chor
Group Executive Chairman & CEO
Date : 15 May 2009





BOARD OF DIRECTORS

Dato' Koh Peng Chor
Group Executive Chairman & 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
Independent Non-Executive Director
(Redesignated w.e.f. 23 December 2008)

AUDIT COMMITTEE

Thiang Kai Goh (Chairman)

Zulkifli Bin Mohamad Razali

Lim Lean Eng

NOMINATION COMMITTEE

Zulkifli Bin Mohamad Razali (Chairman)

Thiang Kai Goh

Aggie Chew Poh Lian

Lim Lean Eng

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 AC
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)



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

TAN SIA SWEE
Executive Director

LAW YANG KET
Executive Director

CHEONG CHIN TAI
Executive Director



CHEW BOON SWEE
Executive Director

THIANG KAI GOH
Independent
Non-Executive Director

**ZULKIFLI BIN
MOHAMAD RAZALI**
Independent
Non-Executive Director

AGGIE CHEW POH LIAN
Independent
Non-Executive Director

LIM LEAN ENG
Independent
Non-Executive Director

DATO' KOH PENG CHOR

Group Executive Chairman
& Chief Executive Officer

Dato' Koh Peng Chor, a Malaysian, aged 57, was appointed to the Board of CNI Holdings Berhad ("CNI") on 11 December 1990. He also serves as the Chairman of the Executive Management Committee, Remuneration Committee, Employee Equity Scheme Committee and Investment 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 is the spouse of Datin Chuah Tek Lan. He does not have any family relationship with any Director 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 eight Board meetings which were held during the financial year ended 31 December 2008.

TAN SIA SWEE

Executive Director

Tan Sia Swee, a Malaysian, aged 49, was appointed to the Board of CNI on 11 December 1990. He also serves as the Chairman of Investor Relations Committee and is a member of the Executive Management Committee, Employee Equity Scheme Committee and Investment 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 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.

Tan Sia Swee attended all the eight Board meetings which were held during the financial year ended 31 December 2008.



LAW YANG KET

Executive Director

Law Yang Ket, a Malaysian, aged 49, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Executive Management Committee, Employee Equity Scheme Committee and Investment Committee.

He graduated with a Bachelor of Education Degree from the National Taiwan Normal University, 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 is a co-founder of CNI. His current responsibilities include developing marketing strategies and cultivating new business development for CNI Enterprise (M) Sdn. Bhd.

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 six out of eight Board meetings which were held during the financial year ended 31 December 2008.

CHEONG CHIN TAI

Executive Director

Cheong Chin Tai, a Malaysian, aged 47, 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, Employee Equity Scheme Committee, Investor Relations Committee and Investment 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 and a member of the Malaysian Institute of Management since 2001. 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 of CNI Enterprise (M) Sdn. Bhd. ("CNIE") in 2001. He assumed his current position as CEO of CNIE 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 eight Board meetings which were held during the financial year ended 31 December 2008.

CHEW BOON SWEE

Executive Director

Chew Boon Swee, a Malaysian, aged 49, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Executive Management Committee, Remuneration Committee, Employee Equity Scheme Committee, Investor Relations Committee and Investment 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. He is credited for setting up the GMP, ISO and HACCP accredited manufacturing operations of Exclusive Mark (M) Sdn. Bhd. ("EM") and Q-Pack (M) Sdn. Bhd. ("Q-Pack"). He assumed his current position as CEO of EM & Q-Pack in 2005. His current responsibilities include overall management for both manufacturing and 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 seven out of eight Board meetings which were held during the financial year ended 31 December 2008.

ZULKIFLI BIN MOHAMAD RAZALI

Independent Non-Executive Director

Zulkifli Bin Mohamad Razali, a Malaysian, aged 49, 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. He left CIMB in 1993. He currently is the 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 eight Board meetings which were held during the financial year ended 31 December 2008.



THIANG KAI GOH

Independent Non-Executive Director

Thiang Kai Goh, a Malaysian, aged 60, 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 eight Board meetings which were held during the financial year ended 31 December 2008.

AGGIE CHEW POH LIAN

Independent Non-Executive Director

Aggie Chew Poh Lian, a Malaysian, aged 43. She 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 was a legal assistant in Messrs Cheang & Ariff for 4 years before joining the Take-overs and Mergers Department in the Securities Commission between 1993 to 1995. She also worked with the Malaysian Exchange of Securities Dealings and Automated Quotations Berhad ("MESDAQ") as a Senior Vice President from January 1998 to November 2000.

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 eight Board meetings which were held during the financial year ended 31 December 2008.

LIM LEAN ENG

Independent Non-Executive Director

Lim Lean Eng, a Malaysian, aged 42. He was appointed to the Board on 16 November 2007. He was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 23 December 2008. 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 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 all the eight Board meetings which were held during the financial year ended 31 December 2008.



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 throughout the financial year.

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 independent non-executive directors which are 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 16 to 19 of this 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.

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 for the ensuing financial year are scheduled in advance before the end of each financial year so as to enable Directors to plan ahead and fit the year's Board meetings into their own schedule.

The Board usually meets at least four (4) times a year. During the financial year, the Board held a total of eight (8) meetings. At the Board meetings, the Board notes the decisions and salient issues deliberated by Board Committees and Management Committees through minutes of these committees. Members of the Board deliberate and in the process evaluate the potential risks and viability of business propositions and corporate proposals that have significant impact on the Company's business or on its financial position.

The Chairman of the Audit Committee would inform the Directors at Board meetings, matters and recommendations which the Audit Committee views ought to be highlighted to the Board.

Board meetings are also held upon finalization of the Company's quarterly results in order for the Board to review and approve the quarterly financial results. In addition, the Board meets on an ad-hoc basis as and when necessary to consider corporate proposals or business issues that require the urgent decision of the Board.

Minutes of every Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes before the commencement of the following Board meeting. Directors may request for clarification or raise comments on the minutes prior to the confirmation of the minutes.

The commitment of the Board of Directors in ensuring effective discharge of their duties and responsibilities is reflected by the high number Board meetings held during the financial year. The attendance by each Director during the financial year is as follows:

Director	Attendance
DATO' KOH PENG CHOR Group Executive Chairman and CEO	8/8
TAN SIA SWEE Executive Director	8/8
LAW YANG KET Executive Director	6/8
CHEONG CHIN TAI Executive Director	8/8
CHEW BOON SWEE Executive Director	7/8
ZULKIFLI BIN MOHAMAD RAZALI Independent Non-Executive Director	8/8
THIANG KAI GOH Independent Non-Executive Director	8/8
AGGIE CHEW POH LIAN Independent Non-Executive Director	8/8
LIM LEAN ENG Independent Non-Executive Director (Re-designated w.e.f. 23 December 2008)	8/8

d) Supply of Information

The Board has direct access to Senior Management and has complete and unimpeded access to information relating to the Company in the discharge of their duties. The Directors may require to be provided with further details or clarification on matters tabled at Board meetings. Senior Managers are invited to attend the Board meetings to update the Board on their respective portfolios and to brief the Directors on proposals submitted for the Board's consideration. The Directors have the liberty to seek external professional advice at the Company's expense, if they so require.

The Directors are regularly updated and advised by the Company Secretary on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities.

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 results announcement.

Members of the Board have ready and unrestricted access to the advice and services of the Company Secretary. The Company Secretary attends all Board meetings and ensures that accurate and proper records of the proceedings of the Board meetings and resolutions passed are kept.



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.

The Company's Articles of Association ("Articles") provide that at every annual general meeting of the Company, one-third of Directors for the time being and those appointed during the financial year shall retire and be eligible for re-election. The Articles further provide that all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

f) Directors' Training

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 their duties as directors.

All the Directors have attended the Mandatory Accreditation Programme ("MAP") as recommended by the Bursa Securities.

Seminars and briefings attended by Directors in 2008 are as follows:

- i) Insider Trading in Malaysia
- ii) Auditing Corporate Governance
- iii) The Perfect Combination of Direct Selling and Specialist Stockist
- iv) How to Improve the Interaction Between Employees
- v) The Inside Story of the Annual Report: What You Need to Know
- vi) Essential of Branding
- vii) Financing Growth and Acquisitions by Applying the 5 Key Discipline of Investment and Finance

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 stay abreast with the latest development in the industry and in relevant laws and business practices.

g) Board And Management Committees

The Board of Directors has established Board Committees as well as various Management Committees to assist the Board in running of the Company. The functions and terms of reference of Board Committees and Management Committees, as well as authority delegated by the Board to these Committees, are clearly defined by the Board. The salient terms of reference for those Board Committees and Management Committees are as follows:

- i) Audit Committee
The terms of reference and further information of the Audit Committee are set out under the Audit Committee Report on pages 33 to 36 of this Annual Report.

- 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 Independent Non-Executive Directors.

The Remuneration Committee ensures that the remuneration policy of the Company are competitive and further that the remuneration packages of Directors are sufficiently attractive to draw in and to retain persons of high calibre.

The Remuneration Committee meets as and when required, and at least once a year.

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



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 comprises exclusively of Non-Executive Directors. The Nomination Committee meets as and when required, and at least once a year.

iv) Executive Management Committee ("EMC")

The EMC 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 EMC meets monthly to review the performance of the Group's operations.

The members of the Executive Management Committee consist of all the Executive Directors of the Company and its subsidiary companies. The EMC holds monthly meetings.

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 members of the RMC consist of an Executive Director of the Company as the Chairman and the Senior Managers as members. The RMC holds quarterly meetings.

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 members of the EES Committee consist of all the Executive Directors of the Company and the Vice President of Human Resource. The EES Committee meets as and when required, and at least once a year.

vii) Investor Relations Committee

The Investor Relations Committee was established by the Board on 28 May 2008. The Committee is responsible for identifying the investor relations functions within the Group and the implementation and coordination of the investor relations process of the Group.

The members of the Investor Relations Committee consist of the Executive Directors and the Managers of the Company and its subsidiary companies. The Investor Relations Committee holds meetings twice a year.

viii) Investment Committee

The Investment Committee was established by the Board on 22 September 2008. The Investment Committee is empowered to assist the Board in fulfilling its oversight responsibility for the investment and/or divestments of the Company and its group of companies ("the Group"). The Committee is responsible for formulating the overall investment policies of the Group, subject to approval by the Board and establishing investment guidelines in furtherance of those policies. The Committee monitors the management of the portfolio for compliance with the investment policies and guidelines and for meeting performance objectives over time.

The members of the Investment Committee consist of all the Executive Directors of the Company. The Investment Committee holds quarterly meetings

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

Name	Audit Committee	Remuneration Committee	Nomination Committee	Executive Management Committee	Risk Management Committee	Employee Equity Scheme Committee	Investor Relations Committee ⁽⁴⁾	Investment Committee ⁽⁵⁾
DATO' KOH PENG CHOR Group Executive Chairman & CEO		0/0		12/13		1/1		2/2
TAN SIA SWEE Executive Director				11/13		1/1	2/2	1/2
LAW YANG KET Executive Director				11/13		1/1		2/2
CHEONG CHIN TAI Executive Director				13/13	4/4	1/1	2/2	2/2
CHEW BOON SWEE Executive Director		0/0		10/13		1/1	1/2	2/2
ZULKIFLI BIN MOHAMAD RAZALI Independent Non-Executive Director	8/8	0/0	3/3					
THIANG KAI GOH Independent Non-Executive Director	8/8	0/0	3/3					
AGGIE CHEW POH LIAN Independent Non-Executive Director		0/0	3/3					
LIM LEAN ENG Independent Non-Executive Director	7/8		3/3					
WONG SIEW FONG Executive Director of CNIE				10/13				
KOH TIAH SIEW Executive Director of Exclusive Mark & Q-Pack				12/13	4/4			
CHEONG CHEE KEE Executive Director of Q-Pack				10/13	3/4			
CHAN KOK LIANG Executive Director of CNIE & CNIS				12/13	3/4 ⁽¹⁾			
KOH TENG KIAT Executive Director of CNIS				12/13 ⁽¹⁾				
ONG CHUN ENG Executive Director of Symplesoft & Vice President of Human Resource				11/13	4/4	1/1		
KOH HOW LOON Executive Director of CNIE, Symplesoft, Infuso & Regal Effect				12/13	4/4 ⁽¹⁾			
CHONG NYOK HON Senior Manager, Finance & Accounts of CNIE					3/4		2/2	
THOMAS DANIEL Manager, Internal Audit Department of CNI					2/4 ⁽²⁾			
PEE BENG CHONG Country Manager of CNIS					3/4 ⁽¹⁾⁽³⁾			
TEOH KIM YEN Manager, Corporate Communication							2/2	
CHIN YOKE KWAI Company Secretary							2/2	
Total number of meetings for 2008	8	0	3	13	4	1	2	2

Chairman

Member

Non-member

Notes:

(1) Attendance of the member and/or his / her representative

(2) Resigned as a member in June 2008

(3) Appointed as a member in January 2008 and resigned in December 2008

(4) Investor Relations Committee was established by the Board on 28 May 2008

(5) Investment Committee was established by the Board on 22 September 2008

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 its subsidiary companies during the financial year ended 31 December 2008 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Fees	264,000	144,000
Salaries	6,142,350	-
Profit sharing	256,961	-
Benefits in kind	106,450	-
Retirement benefits	1,233,216	-
Allowances	-	38,000
Total	8,002,977	182,000

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
RM1,050,001 to RM1,100,000	1	-
RM1,200,001 to RM1,250,000	1	-
RM1,750,001 to RM1,800,000	1	-
RM1,900,001 to RM1,950,000	1	-
RM2,000,001 to RM2,050,000	1	-
Total	5	4



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, Senior Management 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 accurate information is effectively disseminated 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>.

Another important channel of communication with shareholders, investors and the investment community generally, is the Company's investor relations webpage. The Company has been successfully selected and approved by Bursa Malaysia to participate in the Investor Relations Incentive Program ("IRIP") in 2008. Under the IRIP, the Company has established an investor relations webpage on the Company's website, www.cniholdings.com.my to provide information in a timely manner and more effectively to the target audience. The Company's profile, financial reports, presentations, articles and other related information have been updated on the webpage to enable all stakeholders or potential investors to keep up with the latest on the Company's on-goings.

The Company conducted informal meetings and casual gatherings with the research analysts, fund managers, substantial shareholders, distribution networkers and other interested parties. The feedback gathered will be duly noted and acted upon by the Board and the Management.



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.

b) **Internal Control**

The Group's Statement on Internal Control furnished on pages 28 to 32 of this 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 33 to 36 of this Annual Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 28 April 2009.

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.





In addition, the Group's 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.
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.



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.
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 33 to 36 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 2008 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 28 April 2009.

MEMBERSHIP & MEETINGS

The Audit Committee held eight (8) meetings during the financial year ended 31 December 2008. The attendance of each member of the Audit Committee is as follows:

Members	Attendance
Thiang Kai Goh Chairman Independent Non-Executive Director	8/8
Zulkifli Bin Mohamad Razali Member Independent Non-Executive Director	8/8
Lim Lean Eng Member Independent Non-Executive Director (Re-designated w.e.f 23 December 2008)	7/8

Representatives of the External Auditors, Messrs Moore Stephens AC, 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 ("Bursa Securities").

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) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- c) fulfils such other requirements as prescribed or approved by Bursa Securities.

At CNI Group, all members of the Audit Committee are Non-Executive Directors, with the majority of them being Independent Directors. They 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 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.

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. Currently, Thiang Kai Goh is the Chairman for the Audit Committee.

2. Meetings

The Audit Committee shall meet at least four (4) times in a year although additional meetings may be called at any time, at the discretion of the Chairman. The Audit Committee met eight (8) times in year 2008.

Head of Finance and Accounting 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 meets 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;
- d) have direct communication channels with the External Auditors and the internal audit department;
- 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 Audit Committee (if any) and the Board, whenever it deems 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; and
 - iii) the Auditor's Report together with the financial statements and notes thereon for the financial year/period, management letters and management responses.

- 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 actions are taken by management on the recommendations of the internal audit;
 - 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; and
 - 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 independence and 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 assets 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.

SUMMARY OF ACTIVITIES

During the year, the Audit Committee carried out the following activities:

1. Reviewed the quarterly unaudited financial results of the Group and the Company, and recommended the same, with or without amendments, to the Board for its approval and release to Bursa Malaysia Securities Berhad.
2. Reviewed with the External Auditors the audited financial statements and the notes thereon of the Group and the Company, and recommended the same to the Board, with or without amendments, for its approval.
3. Reviewed and approved the Audit Committee Report and Internal Control Statement 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 requirements 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
12. Reviewed the adequacy of the scope, functions, competency and resource of the internal audit functions and that it has the necessary authority to carry out its work.

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 head of the Internal Audit Department left the Company in June 2008. His departure was followed by the other staff of the department. The department was non-functional from August 2008, until April 2009 when the Company appointed external auditors (third party) to perform the internal audit functions for the Company and the Group. The delay in the appointment of new Internal Auditors was mainly due to the lack of suitable candidates for the department. Due to this same factor, the Company decided to engage external third party to act as Internal Auditors.

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.

The total costs incurred for the internal audit function of the Group for 2008 was RM113,094.00.



CNI has advocated corporate social responsibility or CSR since its inception in 1989. At that point in time CSR was not yet coined, it was already a social norm for our small establishment.

Looking after our lean team of employees and their family members were foremost in our practice 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 philanthropic 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 in business competitiveness.

Being in the food, beverage and consumer products manufacturing line, practicing good hygiene, quality control, food safety and handling is our 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 in 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.



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.
- launching the Single Parent Family Programme.

Philanthropic 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.
- donating RM10,000 each to the Myanmar Cyclone Nargis Relief Fund and the Sichuan Earthquake Relief Fund.

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 Roar of the North and South Lion Kings.

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.



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 judgements and estimates.

The Directors have a general responsibility for ensuring that the Group and the Company keep accounting records and financial statements which enclose 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.

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 2008.

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 financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	16,948,966	(141,211)
Attributable to:		
Equity holders of the Company	16,961,232	(141,211)
Minority interests	(12,266)	-
	16,948,966	(141,211)

DIVIDEND

During the year, the Company paid a second interim dividend of RM0.012 per share less 26% tax based on 718,093,000 ordinary shares amounting to RM6,376,679 in respect of the previous financial year ended 31 December 2007 as reported in the Directors' Report of that year.

Subsequent to the financial year end, the Company declared an interim dividend of RM0.018 per share less 25% tax based on 717,533,200 ordinary shares amounting to RM9,686,698 paid on 2 April 2009 in respect of the current financial year.

RESERVES AND PROVISIONS

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

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 provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and adequate provision had been made for doubtful debts.

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.



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.



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 761,000 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	No. of shares repurchased	Price per share			Total Consideration RM
		Highest RM	Lowest RM	Average RM	
March 2008	375,800	0.350	0.340	0.345	128,712
July 2008	200,000	0.280	0.275	0.278	55,403
September 2008	5,000	0.285	0.280	0.283	1,443
October 2008	180,200	0.245	0.190	0.218	36,205
	761,000				221,763

Further relevant details of the treasury shares are disclosed in Note 20(b) to the financial statements.

DIRECTORS OF THE COMPANY

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

Dato' Koh Peng Chor

Tan Sia Swee

Law Yang Ket

Cheong Chin Tai

Chew Boon Swee

Zulkifli Bin Mohamad Razali

Thiang Kai Goh

Aggie Chew Poh Lian

Lim Lean Eng

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 1.1.08	Bought	Sold	At 31.12.08
Direct Interest					
	Dato' Koh Peng Chor	2,490,240	-	-	2,490,240
	Tan Sia Swee	24,256,980	-	(24,256,980)	-
	Law Yang Ket	1,387,752	-	-	1,387,752
	Cheong Chin Tai	1,200,000	-	-	1,200,000
	Chew Boon Swee	1,128,614	-	-	1,128,614
	Lim Lean Eng	1,988,960	-	-	1,988,960
Indirect Interest					
	Dato' Koh Peng Chor *	372,661,243	529,400	-	373,190,643
	Tan Sia Swee **	1,676,400	24,256,980	-	25,933,380
	Lim Lean Eng **	62,520	-	-	62,520

**Shareholdings in the Ultimate Holding Company
- Marvellous Heights Sdn. Bhd.**

		Number of Ordinary Shares of RM1/- each			
		At 1.1.08	Bought	Sold	At 31.12.08
Direct Interest					
	Dato' Koh Peng Chor	6,013	-	-	6,013
	Tan Sia Swee	35,364	-	-	35,364
	Law Yang Ket	10,262	-	-	10,262
	Chew Boon Swee	7,902	-	-	7,902
Indirect Interest					
	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.



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 30 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 39 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 the financial year are disclosed in note 41 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 AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2009.

DATO' KOH PENG CHOR

TAN SIA SWEE



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 48 to 111, are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards 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 2008 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.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2009.

DATO' KOH PENG CHOR

TAN SIA SWEE

STATUTORY DECLARATION

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

I, Chong Nyok Hon, 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 48 to 111 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 28 April 2009

Before me

CHONG NYOK HON

ZULKIFLA MOHD DAHLIM (W 541)
Commissioner for Oaths

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

Report on the Financial Statements

We have audited the financial statements of CNI Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 111.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.



Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in note 7 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MOORE STEPHENS AC
Chartered Accountants
(AF001826)

CHONG KWONG CHIN
707/04/10 (J/PH)
Partner

Kuala Lumpur
28 April 2008

Consolidated Balance Sheet

As At 31 December 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	51,703,110	53,239,158
Capital work-in-progress	5	1	1
Investment properties	6	9,043,000	9,935,000
Goodwill	8	98,140	2,037
Other intangible assets	9	24,793	29,460
Other receivables, deposits and prepayments	10	198,616	331,207
Deferred tax assets	11	2,480,831	1,964,500
		63,548,491	65,501,363
Current assets			
Inventories	12	27,688,979	22,528,177
Trade receivables	13	8,080,079	6,069,920
Other receivables, deposits and prepayments	10	4,595,667	4,203,426
Tax assets	14	1,647,145	2,124,125
Investments	16	31,317	6,143,370
Cash deposits with licensed banks	17	38,941,451	7,992,521
Cash and bank balances	18	4,986,924	23,294,019
		85,971,562	72,355,558
TOTAL ASSETS		149,520,053	137,856,921



	Note	2008 RM	2007 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	19	72,000,000	72,000,000
Reserves	20	39,271,891	28,943,608
		111,271,891	100,943,608
Minority interest		137,734	-
Total equity		111,409,625	100,943,608
Liabilities			
Non-current liabilities			
Hire Purchase payables	21	7,304	13,662
Term loan	22	144,208	166,763
Retirement benefits	23	13,911,099	12,677,883
Deferred tax liabilities	11	1,729,100	1,605,400
		15,791,711	14,463,708
Current liabilities			
Trade payables	24	4,429,539	4,398,265
Other payables, deposits and accruals	25	15,695,752	16,895,799
Provision for employees benefits	26	467,477	283,637
Hire purchase payables	21	6,358	5,686
Term loan	22	21,366	19,534
Taxation		1,698,405	846,684
		22,318,717	22,449,605
Total liabilities		38,110,428	36,913,313
TOTAL EQUITY AND LIABILITIES		149,520,053	137,856,921

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 2008

	Note	2008 RM	2007 RM
Operating revenue	28	181,886,164	180,122,204
Direct operating costs	29	(63,136,935)	(57,784,964)
Gross profit		118,749,229	122,337,240
Other operating revenue		3,882,238	5,997,353
Administrative costs		(27,239,042)	(26,550,475)
Other operating costs		(1,813,148)	(1,266,512)
Distribution costs		(68,998,038)	(71,767,056)
		(98,050,228)	(99,584,043)
Profit from operations		24,581,239	28,750,550
Finance costs		(1,123,500)	(1,098,531)
Profit before taxation	30	23,457,739	27,652,019
Taxation	31	(6,508,773)	(6,840,622)
Profit for the year		16,948,966	20,811,397
Attributable to:-			
Equity holders of the Company		16,961,232	20,811,397
Minority interest		(12,266)	-
		16,948,966	20,811,397
Earnings per share attributable to equity holders of the Company			
Earnings per share (sen)	32	2.36	2.90

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



← Non-Distributable → Distributable

	Share Capital RM	Treasury Shares RM	Translation Reserve RM	Retained Earnings RM	Total RM	Minority Interest RM	Total Equity RM
At 1.1.07	72,000,000	(527,113)	8,749	21,985,006	93,466,642	-	93,466,642
Foreign exchange translation differences	-	-	20,364	-	20,364	-	20,364
Profit for the year	-	-	-	20,811,397	20,811,397	-	20,811,397
Total income recognised for the year	-	-	20,364	20,811,397	20,831,761	-	20,831,761
Purchase of treasury shares (note 20)	-	(236,917)	-	-	(236,917)	-	(236,917)
Dividends (note 33)	-	-	-	(13,117,878)	(13,117,878)	-	(13,117,878)
At 31.12.07	72,000,000	(764,030)	29,113	29,678,525	100,943,608	-	100,943,608
Foreign exchange translation differences	-	-	(34,507)	-	(34,507)	-	(34,507)
Profit for the year	-	-	-	16,961,232	16,961,232	(12,266)	16,948,966
Total income recognised for the year	-	-	(34,507)	16,961,232	16,926,725	(12,266)	16,914,459
Acquisition of subsidiary	-	-	-	-	-	150,000	150,000
Purchase of treasury shares (note 20)	-	(221,763)	-	-	(221,763)	-	(221,763)
Dividends (note 33)	-	-	-	(6,376,679)	(6,376,679)	-	(6,376,679)
At 31.12.08	72,000,000	(985,793)	(5,394)	40,263,078	111,271,891	137,734	111,409,625

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 2008

	Note	2008 RM	2007 RM
Cash Flows from Operating Activities			
Profit before taxation		23,457,739	27,652,019
Adjustments for :-			
Gain on compulsory acquisition of freehold land		-	(2,145,736)
Bad debts written off		5,512	-
Write down of investments		-	35,868
Amortisation of other intangible assets		2,876	1,059
Change in fair value of investment properties		41,668	30,000
Depreciation of property, plant and equipment		4,396,318	4,178,987
Unrealised (gain)/loss on foreign exchange		(26,453)	141,853
Loss on disposal of investments		449,897	266,105
Loss on disposal of property, plant and equipment		36,455	30,203
Property, plant and equipment written off		72,351	141,317
Inventories written off		356,059	-
Inventories written down		356,286	-
Retirement benefits expense		1,233,216	1,256,209
Provision for employee benefits		464,336	283,637
Interest expenses		26,469	36,045
Investment income		(419,439)	(808,183)
Interest revenue		(694,773)	(285,626)
Operating profit before working capital changes		29,758,517	30,813,757
(Increase)/Decrease in inventories		(5,873,147)	311,033
(Increase)/Decrease in receivables		(2,258,152)	1,776,046
Decrease in payables		(1,402,396)	(2,220,200)
Cash generated from operations		20,224,822	30,680,636
Interest expenses		(26,469)	(36,045)
Interest revenue		694,773	285,626
Tax refund		80,962	-
Tax paid		(5,653,665)	(5,780,329)
Net cash generated from operating activities			
carried down		15,320,423	25,149,888



	Note	2008 RM	2007 RM
Net cash generated from operating activities brought down		15,320,423	25,149,888
Cash Flows from Investing Activities			
Net compensation received from compulsory acquisition of freehold land		-	5,640,938
Acquisition of subsidiary company, net of cash acquired	34	(9,812)	-
Purchase of investments		(17,300,000)	(3,800,000)
Purchase of property, plant and equipment		(3,066,856)	(4,555,821)
Purchase of intangible assets		(1,870)	(30,519)
Purchase of investments property		(1,299,668)	-
Proceeds from disposal of investments		23,381,595	13,210,633
Proceeds from disposal of property, plant and equipment		143,971	169,814
Proceeds from the sale of leasehold land		-	5,258,770
Proceeds from disposal of investment property		2,150,000	-
Net cash generated from investing activities		3,997,360	15,893,815
Cash Flows from Financing Activities			
Repayment of term loans		(20,723)	(4,558,402)
Purchase of treasury shares		(221,763)	(236,917)
Repayment of hire purchase liabilities		(5,686)	(5,013)
Repayment of short term bank borrowings		-	(464,000)
Dividend paid		(6,376,679)	(20,991,562)
Net cash used in financing activities		(6,624,851)	(26,255,894)
Effect of exchange rate changes		(51,097)	38,115
Net increase in cash and cash equivalents		12,641,835	14,825,924
Cash and cash equivalents at beginning of the year		31,286,540	16,470,641
Effects of exchange rate changes on cash and cash equivalents		-	(10,025)
Cash and cash equivalents at end of the year	35	43,928,375	31,286,540

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

Balance Sheet

As At 31 December 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	824,112	884,165
Investment properties	6	9,043,000	9,935,000
Investment in subsidiary companies	7	58,534,405	58,184,405
Deferred tax assets	11	544,000	244,000
		68,945,517	69,247,570
Current assets			
Trade receivables	13	31,373	26,461
Other receivables, deposits and prepayments	10	147,058	113,508
Tax assets	14	428,889	960,289
Amount owing by subsidiary companies	15	12,698,299	10,068,814
Investments	16	-	2,542,959
Cash deposits with licensed banks	17	10,012,582	-
Cash and bank balances		361,242	15,413,722
		23,679,443	29,125,753
TOTAL ASSETS		92,624,960	98,373,323



	Note	2008 RM	2007 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	19	72,000,000	72,000,000
Reserves	20	9,317,467	16,057,120
Total equity		81,317,467	88,057,120
Liabilities			
Non-current liabilities			
Retirement benefits	23	10,555,512	9,586,023
Current liabilities			
Other payables, deposits and accruals	25	540,325	691,782
Amount owing to subsidiary company	15	-	589
Provision for employees benefits	26	211,656	37,809
		751,981	730,180
Total liabilities		11,307,493	10,316,203
TOTAL EQUITY AND LIABILITIES		92,624,960	98,373,323

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 2008

	Note	2008 RM	2007 RM
Operating revenue	28	8,717,722	44,843,945
Direct operating costs	29	(138,571)	(153,327)
Gross profit		8,579,151	44,690,618
Other operating revenue		499,854	228,290
Administrative costs		(8,656,553)	(9,119,460)
Other operating costs		(260,758)	(225,461)
		(8,917,311)	(9,344,921)
Profit from operations		161,694	35,573,987
Finance costs		(5,833)	(7,480)
Profit before taxation	30	155,861	35,566,507
Taxation	31	(297,072)	(9,697,274)
(Loss)/profit for the year		(141,211)	25,869,233

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



	Share Capital RM	Non- Distributable Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
At 1.1.07	72,000,000	(527,113)	4,069,795	75,542,682
Purchase of treasury shares (note 20)	-	(236,917)	-	(236,917)
Profit for the year	-	-	25,869,233	25,869,233
Dividends (note 33)	-	-	(13,117,878)	(13,117,878)
At 31.12.07	72,000,000	(764,030)	16,821,150	88,057,120
Purchase of treasury shares (note 20)	-	(221,763)	-	(221,763)
Loss for the year	-	-	(141,211)	(141,211)
Dividends (note 33)	-	-	(6,376,679)	(6,376,679)
At 31.12.08	72,000,000	(985,793)	10,303,260	81,317,467

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 2008



CNI Holdings Berhad
Annual Report 2008

	Note	2008 RM	2007 RM
Cash Flows from Operating Activities			
Profit before taxation		155,861	35,566,507
Adjustments for:			
Dividend revenue		-	(38,965,619)
Depreciation of property, plant and equipment		103,313	99,907
Change in fair value of investment properties		41,668	30,000
Retirement benefits expense		969,489	1,013,140
Loss on foreign exchange - unrealised		4,208	1,969
Loss on disposal of investments		86,723	75,612
Property, plant and equipment written off		19	711
Provision for employee benefits		211,656	37,809
Investment income		(298,623)	(156,145)
Interest expense		-	7
Interest revenue		(200,110)	(71,264)
Operating profit/(loss) before working capital changes		1,074,204	(2,367,366)
Increase in receivables		(38,462)	(11,737)
Decrease in payables		(193,474)	(808,408)
Cash generated from/(used in) operations		842,268	(3,187,511)
Interest paid		-	(7)
Dividend received		-	36,328,902
Interest revenue received		200,110	71,264
Tax paid		(65,672)	(137,830)
Net cash generated from operating activities		976,706	33,074,818
Cash Flows from Investing Activities			
(Advances to)/Repayment from subsidiary companies		(2,630,074)	5,329,335
Purchase of investments		(17,300,000)	(3,800,000)
Additional investment in subsidiary companies		(350,000)	(1,400,000)
Proceeds from disposal of investments		20,054,859	3,373,613
Proceeds from disposal of investment properties		2,150,000	-
Purchase of investment properties		(1,299,668)	-
Purchase of property, plant and equipment		(43,279)	(374,901)
Net cash generated from investing activities		581,838	3,128,047
Balance carried down		1,558,544	36,202,865



	Note	2008 RM	2007 RM
Balance brought down		1,558,544	36,202,865
Cash Flows from Financing Activities			
Purchase of treasury shares		(221,763)	(236,917)
Dividend paid		(6,376,679)	(20,991,562)
Net cash used in financing activities		(6,598,442)	(21,228,479)
Net (decrease)/increase in cash and cash equivalents		(5,039,898)	14,974,386
Cash and cash equivalents at beginning of the year		15,413,722	439,336
Cash and cash equivalents at end of the year	35	10,373,824	15,413,722

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

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 28 April 2009.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards (FRS[®]) in Malaysia.

The measurement bases applied in the presentation of the financial statements 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 rounded 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 affect 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 recognised 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 7 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 (notes 4 and 9) – 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.
- (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

New and revised FRSs, Amendment to FRS and Issues Committee ("IC") Interpretations adopted

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of FRS 107, 112, 118, 134, 137 and amendment to FRS 121 does not have any significant financial impact on the results and the financial position of the Group and the Company.

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

New FRSs and IC Interpretations not adopted

		For financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The impact of applying FRS 139 on these financial statements 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 FRS 139.

The adoption of FRS 7 and IC Interpretation 10 are not expected to have any significant financial impact on the Group and the Company when they become effective.

IC Interpretation 9 and FRS 4 and 8 are not relevant to the Group's and the Company's operations.

(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 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 date of 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 from 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.

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.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

(b) Subsidiary Company

A subsidiary company is an entity 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 investment in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of investment 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. Computer software is assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software are reviewed at least at each balance sheet date.

(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, 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, plant and equipment.

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

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 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 to sell 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 asset 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 less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

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

(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 in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



(j) 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 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 directors 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 directors 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 directors participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(k) Foreign Currencies

i. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These 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 Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**ii. Foreign Operations**

Assets, liabilities and reserves of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income statement 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.

(l) 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 for prior years' tax.

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.

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.

(m) 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.

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.



(n) 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 of time is recognised as finance costs.

(o) 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 borrowings costs are recognised in income statement in the period in which they are incurred.

(p) Leases

i. Finance Leases – the Group as Lessee

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 in accordance with the depreciation policy for property, plant and equipment.

ii. Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair value for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

iii. Operating Leases – the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(q) 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.

(r) 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.

(s) 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 and bank overdrafts 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.



4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Buildings RM	Plant, Machinery & Laboratory Equipment RM	Motor Vehicles RM	Furniture, Fittings, Renovation & Equipment RM	Total RM
2008						
Cost						
At 1.1.08	4,621,097	33,167,077	22,192,127	4,351,293	18,016,447	82,348,041
In respect of subsidiary company acquired	-	-	-	-	49,329	49,329
Transfer to other intangible assets (note 9)	-	-	-	-	(3,690)	(3,690)
Transfer from other intangible assets (note 9)	-	-	-	-	7,000	7,000
Additions	-	-	535,957	540,123	1,990,776	3,066,856
Disposals	-	-	(9,000)	(264,455)	(103,689)	(377,144)
Written off	-	-	(38,554)	(1,000)	(546,035)	(585,589)
Translation adjustments	-	-	-	-	30,172	30,172
At 31.12.08	4,621,097	33,167,077	22,680,530	4,625,961	19,440,310	84,534,975
Accumulated Depreciation						
At 1.1.08	-	5,555,681	12,323,324	2,017,792	9,212,086	29,108,883
Charge for the year	-	663,343	1,728,553	435,556	1,568,866	4,396,318
In respect of subsidiary company acquired	-	-	-	-	23,389	23,389
Transfer to other intangible assets (note 9)	-	-	-	-	(584)	(584)
Transfer from other intangible assets (note 9)	-	-	-	-	233	233
Disposals	-	-	(225)	(148,836)	(47,657)	(196,718)
Written off	-	-	(33,269)	(421)	(479,548)	(513,238)
Translation adjustments	-	-	-	-	13,582	13,582
At 31.12.08	-	6,219,024	14,018,383	2,304,091	10,290,367	32,831,865
Net Carrying Amount						
At 31.12.08	4,621,097	26,948,053	8,662,147	2,321,870	9,149,943	51,703,110



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

Group	Freehold Land RM	Buildings RM	Plant, Machinery & Laboratory Equipment RM	Motor Vehicles RM	Furniture, Fittings, Renovation & Equipment RM	Total RM
2007						
Cost						
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	1,091,971	375,932	2,901,283	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	4,621,097	33,167,077	22,192,127	4,351,293	18,016,447	82,348,041
Accumulated Depreciation						
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	1,871,134	449,588	1,195,235	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	-	5,555,681	12,323,324	2,017,792	9,212,086	29,108,883
Net Carrying Amount						
At 31.12.07	4,621,097	27,611,396	9,868,803	2,333,501	8,804,361	53,239,158



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

Company	Air Conditioners RM	Renovation RM	Office Equipment, Furniture & Fittings RM	Motor Vehicles RM	Electrical Installation RM	Computer Hardware RM	Total RM
Cost							
At 1.1.08	7,747	-	9,391	953,018	3,625	33,777	1,007,558
Additions	-	-	2,070	-	-	41,209	43,279
Written off	-	-	-	-	-	(22)	(22)
At 31.12.08	7,747	-	11,461	953,018	3,625	74,964	1,050,815
Accumulated Depreciation							
At 1.1.08	6,586	-	4,978	105,332	3,081	3,416	123,393
Charge for the year	775	-	973	95,302	363	5,900	103,313
Written off	-	-	-	-	-	(3)	(3)
At 31.12.08	7,361	-	5,951	200,634	3,444	9,313	226,703
Net Carrying Amount							
At 31.12.08	386	-	5,510	752,384	181	65,651	824,112
Cost							
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	7,747	-	9,391	953,018	3,625	33,777	1,007,558
Accumulated Depreciation							
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	6,586	-	4,978	105,332	3,081	3,416	123,393
Net Carrying Amount							
At 31.12.07	1,161	-	4,413	847,686	544	30,361	884,165



4 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

- (a) Net carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the subsidiary companies as mentioned in note 27 is as follow:-

	GROUP	
	2008 RM	2007 RM
Freehold land and Buildings	23,871,776	24,356,596

- (b) The freehold land of a subsidiary company, CNI Enterprise (M) Sdn. Bhd., at cost of RM4,621,097 (2007 : RM4,621,097) is held under an individual title registered in the name of the developer pending transfer to the subsidiary company.

- (c) Net carrying amount of office equipment acquired under hire purchase arrangements are as follows:-

	GROUP	
	2008 RM	2007 RM
Office equipment	20,294	23,130

5. CAPITAL WORK-IN-PROGRESS

	GROUP	
	2008 RM	2007 RM
At cost		
At beginning of the year	391,779	391,779
Less: Impairment loss	(391,778)	(391,778)
At end of the year	1	1

Capital work-in-progress is in respect of the 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 22.



6. INVESTMENT PROPERTIES

	GROUP/COMPANY	
	2008 RM	2007 RM
At fair value		
At beginning of the year	9,935,000	9,965,000
Addition	1,299,668	-
Disposal	(2,150,000)	-
Change in fair value	(41,668)	(30,000)
At end of the year	9,043,000	9,935,000

The following investment properties are held under lease terms:-

	GROUP/COMPANY	
	2008 RM	2007 RM
Leasehold land	-	850,000
Leasehold shophouse	760,000	760,000
Leasehold factory and office	-	1,300,000
Leasehold shoplots	8,058,000	6,800,000
Leasehold condominium	225,000	225,000
	9,043,000	9,935,000

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

7. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2008 RM	2007 RM
Unquoted shares		
At cost	1,850,000	1,500,000
At valuation	56,684,405	56,684,405
	58,534,405	58,184,405

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.

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The particulars of subsidiary companies are as follow:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2008	2007
Held by the Company				
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%
Symplesoft Sdn. Bhd. (formerly known as Key Elite (M) Sdn. Bhd.)	Malaysia	Provision of IT outsourcing services and e-commerce	100%	100%
Infuso Sdn. Bhd.	Malaysia	Operation of food and beverages outlets	100%	100%
Lotus Supplies Sdn. Bhd.	Malaysia	Trading of industrial materials	70%	-
Held Through CNI Enterprise (M) Sdn. Bhd.				
# Creative Network International (S) Pte. Ltd.	Singapore	Multi-level marketing of health care and consumer products	100%	100%
Held Through Infuso Sdn. Bhd.				
Regal Effect Sdn. Bhd.	Malaysia	Operation of food and beverages outlets	100%	-

The financial statements of this subsidiary company is audited by a member firm of Moore Stephens International. The Auditors' Report of this subsidiary company contains an emphasis of matter in respect of going concern.



8. GOODWILL

	GROUP	
	2008 RM	2007 RM
Cost		
At beginning of the year	123,008	123,008
Additions during the year (note 34)	96,103	-
At end of the year	219,111	123,008
Accumulated Impairment		
At beginning/end of the year	120,971	120,971
Carrying amount	98,140	2,037

9. OTHER INTANGIBLE ASSETS

Computer software

	GROUP	
	2008 RM	2007 RM
Cost		
At beginning of the year	30,519	-
Additions during the year	1,870	30,519
Transfer from property, plant and equipment (note 4)	3,690	-
Transfer to property, plant and equipment (note 4)	(7,000)	-
At end of the year	29,079	30,519
Amortisation		
At beginning of the year	1,059	-
Charge during the year	2,876	1,059
Transfer from property, plant and equipment (note 4)	584	-
Transfer to property, plant and equipment (note 4)	(233)	-
At end of the year	4,286	1,059
Carrying amount	24,793	29,460

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-current				
Other receivables	198,616	331,207	-	-
Current				
Other receivables	939,897	1,656,523	44,515	14,706
Less: Allowance for doubtful debts	-	(139,467)	-	-
	939,897	1,517,056	44,515	14,706
Deposits	2,214,293	1,038,262	64,689	66,078
Prepayments	1,441,477	1,648,108	37,854	32,724
	4,595,667	4,203,426	147,058	113,508

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

	GROUP	
	2008 RM	2007 RM
(a) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket, Cheong Chin Tai and Chew Boon Swee have substantial financial interests and are also directors - CNI Corporation Sdn. Bhd.	198,994	-
(b) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket, Cheong Chin Tai and Chew Boon Swee have substantial financial interests and Mr. Tan Sia Swee is also a director Global Business Network Sdn. Bhd.	9,770	-
	208,764	-

Included in other receivables of the Group and of the Company is staff car loans amounting to RM352,686 (2007 : RM513,966) and RM44,515 (2007 : RM13,866) respectively, which bears interest at rates ranging from 0.5% to 3.5% (2007 : 0.5% to 3.5%) per annum.

Included in prepayments of the Group is an amount of RM962,803 (2007 : RM962,803) being amount incurred for acquisition of computer software for the computerised operating system of the subsidiary company, CNI Enterprise (M) Sdn. Bhd..

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The maturity profile of the staff car loans are as follows:-

	Current			Non-current			Sub-total RM	Total RM
	Within 1 year RM	Within 1-2 years RM	Within 2-3 year RM	Within 3-4 years RM	Within 4-5 years RM	Within 5 years RM		
Group								
2008 Financial Assets								
Staff car loans	154,070	98,083	68,818	30,267	1,448	-	198,616	352,686
2007 Financial Assets								
Staff car loans	182,759	114,738	105,395	76,241	33,385	1,448	331,207	513,966
Company								
2008 Financial Assets								
Staff car loans	44,515	-	-	-	-	-	-	44,515
2007 Financial Assets								
Staff car loans	13,866	-	-	-	-	-	-	13,866

11. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
(a) Deferred tax assets				
At beginning of the year	1,964,500	1,912,400	244,000	-
Transfer from income statements (note 31)	516,331	52,100	300,000	244,000
At end of the year	2,480,831	1,964,500	544,000	244,000



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

Presented after appropriate off-setting as follows:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax assets	3,860,131	3,514,300	900,000	628,200
Deferred tax liabilities	(1,379,300)	(1,549,800)	(356,000)	(384,200)
	2,480,831	1,964,500	544,000	244,000

The component of deferred tax assets/(liabilities) prior to offsetting are as follow:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax assets				
Retirement benefits	3,040,800	2,768,000	847,000	605,000
Deductible temporary difference	5,900	4,300	-	-
Provision for employee benefits	116,900	70,200	53,000	9,000
Unrealised loss on foreign exchange	-	34,400	-	-
Unabsorbed capital allowances	83,100	39,400	-	14,200
Unrealised profits on inventories	613,431	598,000	-	-
	3,860,131	3,514,300	900,000	628,200
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(1,055,300)	(1,178,000)	(32,000)	(12,400)
Change in fair value of investment properties	(324,000)	(371,800)	(324,000)	(371,800)
	(1,379,300)	(1,549,800)	(356,000)	(384,200)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
(b) Deferred tax liabilities				
At beginning of the year	(1,605,400)	(1,388,500)	-	(25,000)
Transfer from income statements (note 31)	(123,700)	(216,900)	-	25,000
At end of the year	(1,729,100)	(1,605,400)	-	-

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

Presented after appropriate off-setting as follows:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax liabilities	(2,166,000)	(2,007,000)	-	-
Deferred tax assets	436,900	401,600	-	-
	(1,729,100)	(1,605,400)	-	-

The component of deferred tax assets/(liabilities) prior to offsetting are as follow:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(2,166,000)	(2,007,000)	-	-
Deferred tax assets				
Retirement benefits	436,900	401,600	-	-

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

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Unabsorbed capital allowances	(93,500)	(22,900)	-	-
Unutilised tax losses	(1,887,800)	(1,099,600)	-	-
	(1,981,300)	(1,122,500)	-	-

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	
	2008 RM	2007 RM
At cost		
Raw materials	6,451,474	4,408,551
Work-in-progress	175,492	101,718
Consumable tools	123,768	13,145
Packaging materials	2,461,939	2,114,005
Merchandised goods	15,044,590	14,080,440
Finished goods	1,409,879	780,565
Sales aid items	1,058,544	1,029,753
	26,725,686	22,528,177
At net realisable value		
Merchandised goods	963,293	-
	27,688,979	22,528,177

13. TRADE RECEIVABLES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
External parties	7,121,836	5,639,743	39,376	34,464
Related parties	966,246	557,866	-	-
	8,088,082	6,197,609	39,376	34,464
Less: Allowance for doubtful debts	(8,003)	(127,689)	(8,003)	(8,003)
	8,080,079	6,069,920	31,373	26,461

13. TRADE RECEIVABLES (cont'd)

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	
	2008 RM	2007 RM
(a) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket, Cheong Chin Tai and Cheong Boon Swee have substantial financial interests and Messrs. Tan Sia Swee and Chew Boon Swee are also directors - CNI Venture Sdn. Bhd.	2,431	915
(b) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket, Cheong Chin Tai and Chew Boon Swee have substantial financial interests and are also directors - CNI Corporation Sdn. Bhd.	1,468	177
(c) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket, Cheong Chin Tai and Chew Boon Swee have substantial financial interests and Mr. Tan Sia Swee is also a director - Global Business Network Sdn. Bhd. - CNI Hong Kong Limited	189 73,600	199 367,338
(d) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket, Cheong Chin Tai and Chew Boon Swee have substantial financial interests - Leader Regent Inc.	814,320	189,237
Balance carried down	892,008	557,866

13. TRADE RECEIVABLES (cont'd)

Included in trade receivable are amount owing by the following (cont'd):-

	GROUP	
	2008 RM	2007 RM
Balance brought down	892,008	557,866
(e) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Law Yang Ket, Cheong Chin Tai and Chew Boon Swee have substantial financial interests and Cheong Chin Tai is also a director		
- CNI Enterprise (India) Pte. Ltd.	74,238	-
	966,246	557,866

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

	GROUP	
	2008 RM	2007 RM
Brunei Dollars	1,838	-
United States Dollars	1,798,197	1,063,628

Further details on related parties transactions are disclosed in note 39.

14. TAX ASSETS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax paid in advance	1,209,056	834,107	234,419	765,819
Tax recoverable	438,089	1,290,018	194,470	194,470
	1,647,145	2,124,125	428,889	960,289

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

	COMPANY	
	2008 RM	2007 RM
In respect of amount owing by:-		
Exclusive Mark (M) Sdn. Bhd.	476,030	1,267,258
Creative Network International (S) Pte. Ltd.	667,790	406,354
Q-Pack (M) Sdn. Bhd.	203,772	586,193
CNI Enterprise (M) Sdn. Bhd.	7,948,780	7,756,191
Symplesoft Sdn. Bhd. (formerly known as Key Elite Sdn. Bhd.)	13,932	52,818
Infuso Sdn. Bhd.	3,380,164	-
Regal Effect Sdn. Bhd.	7,433	-
Lotus Supplies Sdn. Bhd.	398	-
	12,698,299	10,068,814
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 amount of RM50,000 owing by Symplesoft Sdn. Bhd. (formerly known as Key Elite (M) Sdn. Bhd.) and amount of RM3,300,000 owing by Infuso Sdn. Bhd. which bear interest at the rate of 3.75% per annum.

16. INVESTMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Marketable securities				
At cost				
Share quoted in Malaysia	-	345,181	-	-
Unit trusts quoted in Malaysia	31,317	5,798,189	-	2,542,959
	31,317	6,143,370	-	2,542,959
Market value	31,317	6,143,370	-	2,542,959

17. CASH DEPOSITS WITH LICENSED BANKS

The cash deposits with licensed banks of the Group and of the Company bear effective interest rate at 0.25% to 3.10% (2007 : 2.80% to 4.00%) and 2.90% to 3.10% (2007 : Nil) respectively per annum and mature within one year.

The foreign currency exposure profile is as follows:-

	GROUP	
	2008 RM	2007 RM
Brunei Dollars	1,908,800	-
United States Dollars	-	169,735
	1,908,800	169,735

18. CASH AND BANK BALANCES

The foreign currency exposure profile is as follows:-

	GROUP	
	2008 RM	2007 RM
United States Dollars	135,162	1,316
Pound Sterling	81	81
Euro	4,537	4,537
Singapore Dollars	12,567	9,681
Brunei Dollars	15,608	15,514
Chinese Renminbi	16,333	13,010
Indian Rupee	2,418	2,418
Australia Dollars	5,340	9,675
Taiwan Dollars	4,567	-
Thai Baht	119	-
Canadian Dollars	9,510	-
	206,242	56,232

19. SHARE CAPITAL

	GROUP/COMPANY	
	2008 RM	2007 RM
Authorised: 1,000,000,000 ordinary shares of RM0.10 each	100,000,000	100,000,000
Issued and fully paid: 720,000,000 ordinary shares of RM0.10 each	72,000,000	72,000,000

20. RESERVES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Distributable				
Retained earnings	40,263,078	29,678,525	10,303,260	16,821,150
Non-distributable				
Translation reserve	(5,394)	29,113	-	-
	40,257,684	29,707,638	10,303,260	16,821,150
Treasury shares	(985,793)	(764,030)	(985,793)	(764,030)
	39,271,891	28,943,608	9,317,467	16,057,120

(a) Translation Reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Treasury Shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 19 June 2008, 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 761,000 (2007 : 573,500) of its issued and fully paid-up ordinary shares from the open market at an average price of RM0.291 (2007: RM0.413) per share. The total consideration paid for the repurchased shares including transaction cost was RM221,763 (2007 : RM236,917). 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.

20. RESERVES (cont'd)

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	
2008					
March 2008	375,800	0.350	0.340	0.345	128,712
July 2008	200,000	0.280	0.275	0.278	55,403
September 2008	5,000	0.285	0.280	0.283	1,443
October 2008	180,200	0.245	0.190	0.218	36,205
	761,000				221,763
2007					
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
	573,500				236,917

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

Of the total 720,000,000 (2007 : 720,000,000) issued and fully paid ordinary shares as at 31 December, 2008, 2,453,800 (2007 : 1,692,800) are held as treasury shares by the Company. As at 31 December, 2008, the number of outstanding ordinary shares in issue after the set off is therefore 717,546,200 (2007 : 718,307,200) ordinary shares of RM0.10 each.

21. HIRE PURCHASE PAYABLES

	GROUP	
	2008 RM	2007 RM
Gross instalment payments	15,145	22,525
Less: Future finance charges	(1,483)	(3,177)
Total present value of hire purchase payables	13,662	19,348
Analysed as:-		
Due within 1 year	6,358	5,686
Due after 1 year	7,304	13,662
	13,662	19,348
Payable within one year		
Gross instalment payments	7,380	7,380
Less: Future finance charges	(1,022)	(1,694)
Present value of hire purchase payables	6,358	5,686
Payable more than 1 year but not more than 2 years		
Gross instalment payments	5,420	8,780
Less: Future finance charges	(399)	(1,058)
Present value of hire purchase payables	5,021	7,722
Payable more than 2 years but not more than 3 years		
Gross instalment payments	2,345	4,020
Less: Future finance charges	(62)	(363)
Present value of hire purchase payables	2,283	3,657
Payable more than 3 years but not more than 4 years		
Gross instalment payments	-	2,345
Less: Future finance charges	-	(62)
Present value of hire purchase payables	-	2,283
Total present value of hire purchase payables	13,662	19,348

The hire purchase payables of the Group bear effective interest rates of 7.20% to 9.37% (2007: 7.2% to 9.37%) per annum.

22. TERM LOAN

	GROUP	
	2008 RM	2007 RM
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)	165,574	186,297

The term loan 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 the term loan; and
- (ii) Joint and several guarantees by certain directors of the Company, Dato' Koh Peng Chor and Mr. Chew Boon Swee.

The maturity profile is as follows:-

	Current			Non-current				Sub-total RM	Total RM
	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	After 5 years RM			
Group									
2008 Financial Liability									
Term loan	21,366	23,254	25,310	27,547	29,982	38,115	144,208	165,574	
2007 Financial Liability									
Term loan	19,534	21,261	23,140	25,185	27,412	69,765	166,763	186,297	

23. RETIREMENT BENEFITS

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

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Liability for defined benefit obligations at 1 January	12,677,883	11,421,674	9,586,023	1,405,640
Current service costs and interest	1,295,014	1,256,209	996,213	1,013,140
Transfer from subsidiary company, CNI Enterprise (M) Sdn. Bhd.	-	-	-	7,167,243
Amortisation of net gain	(61,798)	-	(26,724)	-
Liability for defined benefit obligations at 31 December	13,911,099	12,677,883	10,555,512	9,586,023

23. RETIREMENT BENEFITS (cont'd)

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

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Present value of unfunded obligations	12,179,720	10,884,706	9,490,041	8,493,828
Unrecognised net actuarial gain	1,731,379	1,793,177	1,065,471	1,092,195
	13,911,099	12,677,883	10,555,512	9,586,023

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

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current service cost	669,143	678,179	507,818	541,631
Interest cost	625,871	578,030	488,395	471,509
Amortisation of net gain	(61,798)	-	(26,724)	-
	1,233,216	1,256,209	969,489	1,013,140

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

	GROUP /COMPANY	
	2008 RM	2007 RM
Discount rate	5.75%	5.75%
Expected rate of salary increases	5.00%	5.00%

24. 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	
	2008 RM	2007 RM
United States Dollars	382,171	538,654



25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	2,444,182	1,540,475	277,087	112,685
Deposits	4,162,794	5,247,360	114,950	150,650
Accruals	9,088,776	10,107,964	148,288	428,447
	15,695,752	16,895,799	540,325	691,782

Included in other payables are amounts owing to the following:-

	GROUP	
	2008 RM	2007 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 Swee are also directors - CNI Venture Sdn. Bhd.	41,561	-
(b) A company in which certain directors of the Company, Dato' Koh Peng Chor, Messrs. Tan Sia Swee, Chew Boon Swee and Law Yang Ket are also directors and have substantial financial interests - Citra Nusa Insan Cemerlang Investment Co.	120,865	41,512
	162,426	41,512

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

	GROUP	
	2008 RM	2007 RM
United States Dollars	77,257	47,185

Further details on related parties transactions are disclosed in note 39.

26. PROVISION FOR EMPLOYEES BENEFITS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At beginning of the year	283,637	182,438	37,809	16,644
Additions	464,336	283,637	211,656	37,809
Incurred	(280,496)	(182,438)	(37,809)	(16,644)
At end of the year	467,477	283,637	211,656	37,809

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.

27. BANK OVERDRAFTS

The bank overdraft facilities are not utilised by subsidiary companies as at end of both financial year.

The bank overdraft facilities of the subsidiary companies are secured and supported as follow:-

- (i) first legal charge on the title of the freehold land and building of a subsidiary company pending registration;
- (ii) letter of negative pledge;
- (iii) corporate guarantee by the Company; and
- (iv) joint and several guarantee by certain directors of the Company, Dato' Koh Peng Chor , Tan Sia Swee and Law Yang Ket.

28. OPERATING REVENUE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Sales of goods	180,097,874	179,596,793	-	-
Sale of food and beverages	1,362,985	49,489	-	-
Management fees	-	-	8,292,417	5,402,404
Rental revenue from investment properties	425,305	475,922	425,305	475,922
Dividend revenue	-	-	-	38,965,619
	181,886,164	180,122,204	8,717,722	44,843,945



29. DIRECT OPERATING COSTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Cost of sales	61,456,747	57,580,324	-	-
Cost of food and beverages sold	1,541,617	51,313	-	-
Operating expenses of investment properties - income generating	138,571	153,327	138,571	153,327
	63,136,935	57,784,964	138,571	153,327

30. PROFIT BEFORE TAXATION

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

(a) Other items

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Amortisation of other intangible assets	2,876	1,059	-	-
Auditors' remuneration - statutory audits	159,578	154,384	8,000	8,000
- other services	8,000	8,000	8,000	8,000
Write down of investments	-	35,868	-	-
Bad debts written off	5,512	-	-	-
Depreciation of property, plant and equipment	4,396,318	4,178,987	103,313	99,907
Provision for employee benefits	464,336	283,637	211,650	37,809
Property, plant and equipment written off	72,351	141,317	19	711
Inventories written down	356,286	-	-	-
Rental of premises	2,024,270	1,730,562	182,520	156,100
Incorporation expenses	-	34,184	-	-
Interest expenses	26,469	36,045	-	7
Loss on disposal of investments	449,897	266,105	86,723	75,612
Gain on compulsory acquisition of freehold land	-	(2,145,736)	-	-
Loss on disposal of property, plant and equipment	36,455	30,203	-	-
Inventories written off	356,059	-	-	-
Investment income	(419,439)	(808,183)	(298,623)	(156,145)
Change in fair value of investment properties	41,668	30,000	41,668	30,000
Other rental revenue	(1,047,245)	(1,030,229)	-	-
Loss/(Gain) on foreign exchange				
- realised	58,769	147,225	-	-
- unrealised	(26,453)	141,853	4,208	1,969
Interest revenue	(694,773)	(285,626)	(200,110)	(71,264)

30. 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
Law Yang Ket
Cheong Chin Tai
Chew Boon Swee

Non-Executive Directors

Zulkifli Bin Mohamad Razali
Thiang Kai Goh
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	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors				
- fees	264,000	264,000	120,000	120,000
- emoluments	6,142,350	5,466,947	4,454,167	4,321,755
- retirement benefits	1,233,216	1,256,209	969,489	1,013,140
- profit sharing	256,961	1,080,967	142,680	831,566
Non-executive Directors				
- fees	144,000	112,500	144,000	112,500
- emoluments	38,000	19,000	38,000	19,000
Estimated money value of benefit-in-kind	106,450	106,450	57,350	57,350

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
(c) Staff costs	28,526,021	26,512,492	7,444,877	7,455,097
Included in staff costs are:-				
Social security contributions and contributions to defined contribution plan	1,702,267	1,797,312	159,406	148,375

31. TAXATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Based on results for the year	6,808,603	6,543,141	543,700	9,958,000
(Reversal)/Origination of temporary differences (note 11)	(392,631)	164,800	(300,000)	(269,000)
	6,415,972	6,707,941	243,700	9,689,000
Under provision in prior year	92,801	132,681	53,372	8,274
Tax expense	6,508,773	6,840,622	297,072	9,697,274

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	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before taxation	23,457,739	27,652,019	155,861	35,566,507
Tax at the Malaysia statutory income tax rate of 26% (2007:27%)	6,099,000	7,466,100	40,600	9,603,000
Effect of lower tax rate for Malaysian subsidiary companies with issued and paid-up share capital of RM2.5 million and below	(16,000)	(35,000)	-	-
Effect of different tax rates in foreign jurisdiction	18,900	10,300	-	-
Balance carried down	6,101,900	7,441,400	40,600	9,603,000

31. 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Balance brought down	6,101,900	7,441,400	40,600	9,603,000
Tax effects arising from:-				
- depreciation of non-qualifying property, plant and equipment	88,000	142,200	-	2,200
- non-deductible expenses	916,072	285,401	499,000	108,900
- double deduction expenses	(136,200)	(144,500)	-	-
- non-taxable revenue	(73,000)	(654,200)	-	(42,200)
Utilisation of deferred tax assets previously not recognised in the financial statements	(86,500)	-	-	-
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	(45,400)	(531,600)	-	-
Reduction in opening deferred tax assets resulting from reduction in tax rate	-	15,940	-	17,100
Under/(Over) provision in prior year				
- income tax	92,801	132,681	53,372	8,274
- deferred tax	(208,700)	120,200	27,000	-
Effect of differential tax rate	(419,400)	-	(322,900)	-
Deferred tax assets not recognised during the year	279,200	33,100	-	-
Tax expense	6,508,773	6,840,622	297,072	9,697,274

The Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained earnings as at 31 December, 2008.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

The Group has unutilised tax losses and unabsorbed capital allowances of RM2,154,700 (2007 : RM1,100,200) and RM425,900 (2007 : RM180,500) respectively.



32. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the Group's profit for the year of RM16,961,232 (2007 : RM20,811,397) by the weighted average number of ordinary share in issue during the year of 717,873,648 (2007 : 718,724,988) ordinary shares of RM0.10 each after deducting the weighted average number of shares repurchased.

33. DIVIDEND

	GROUP/COMPANY	
	2008 RM	2007 RM
Recognised during the year		
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
Second interim dividend of RM0.012 per share less 26% tax based on 718,093,000 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2007	6,376,679	-
	6,376,679	13,117,878
Dividend per share (sen)	0.89	1.83

Subsequent to the financial year, the Directors declared an interim dividend of RM0.018 per share less 25% tax based on 717,533,200 ordinary shares amounting to RM9,686,698 paid on 2 April 2009 in respect of the financial year ended 31 December 2008.

34. ACQUISITIONS OF SUBSIDIARY COMPANIES

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. Subsequently, the paid up share capital was increased from RM2 to RM1,000,000.

On 29 September 2008, a subsidiary company, Infuso Sdn. Bhd. acquired 1,000 ordinary shares of RM1 each representing 100% of the issued and fully paid-up share capital of Regal Effect Sdn. Bhd. ("RESB"), a company incorporated in Malaysia for a total consideration of RM16,000. Subsequently, the paid up share capital was increased from RM1,000 to RM500,000.

On 22 October 2008, the Company subscribed for 1 ordinary share of RM1 each representing 50% of the issued and fully paid up share capital of Lotus Supplies Sdn. Bhd. ("LSSB"), a company incorporated in Malaysia for a total consideration of RM1. The Company subscribed additional of 349,999 which represents 70% of the issued and fully paid up share capital as the paid up share capital was increased from RM2 to RM500,000.

34. ACQUISITIONS OF SUBSIDIARY COMPANIES (cont'd)

(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	
	2008 RM	2007 RM
Property, plant and equipment	25,940	-
Other receivables and deposits	17,169	-
Bank balance	6,189	-
Amount owing to directors	(92,600)	-
Other payables and accruals	(36,800)	-
Total net liabilities	(80,102)	-
Goodwill	96,103	-
Total purchase consideration	16,001	2
Cash balances of a subsidiary company acquired	(6,189)	(2)
Cash flow on acquisition, net of cash acquired	9,812	-

(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	
	2008 RM	2007 RM
Operating revenue	195,376	58,860
Direct operating costs	(196,720)	(52,646)
Gross profit	(1,344)	6,214
Other operating revenue	110	85
Distribution costs	(20,118)	(32,384)
Administrative costs	(49,067)	(160,679)
Loss from operations	(70,419)	(186,764)
Finance costs	(57)	-
Loss before taxation	(70,476)	(186,764)
Taxation	-	36,400
Loss for the year	(70,476)	(150,364)
Minority interest	12,266	-
Loss attributable to shareholders	(58,210)	(150,364)

34. ACQUISITIONS OF SUBSIDIARY COMPANIES (cont'd)

(iii) Effect on Consolidated Financial Position

The effect on the consolidated financial position of the Group as at financial year end are as follows:-

	GROUP	
	2008 RM	2007 RM
Property, plant and equipment	211,112	692,024
Deferred tax assets	-	36,400
Inventories	122,133	26,631
Trade and other receivables	579,819	16,503
Amount owing by related company	-	1,448
Tax assets	4,000	-
Cash and bank balances	280,478	117,695
Trade and other payables	(173,237)	(19,502)
Provision for employee benefits	-	(3,141)
	1,024,305	868,058

35. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	4,986,924	23,294,019	361,242	15,413,722
Cash deposits with licensed banks	38,941,451	7,992,521	10,012,582	-
	43,928,375	31,286,540	10,373,824	15,413,722

36. CONTINGENT LIABILITIES - UNSECURED

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 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 - outstanding amount	-	-	-	7,773,100

36. CONTINGENT LIABILITIES - UNSECURED (cont'd)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
(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	-	-
(iii) Special damage claim taken by a former distributor and sale point operator of a subsidiary company for alleged wrongful termination	295,000 #	295,000 #	-	-

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 38.

37. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
In respect of capital expenditure approved and contracted for:-				
- purchase of property, plant and equipment	222,996	-	-	-
- acquisition of service apartment	35,774	35,774	-	-
- acquisition of computer software	3,770,890	316,707	-	-
	4,029,660	352,481	-	-

37. CAPITAL COMMITMENT (cont'd)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
In respect of capital expenditure approved and not contracted for:-				
- purchase of property, plant and equipment	5,420,426	4,751,032	53,160	56,780
- acquisition of computer software	631,539	4,675,792	17,100	37,500
	6,051,965	9,426,824	70,260	94,280

38. MATERIAL LITIGATIONS

A suit was filed at the Kota Bahru High Court by Mohammad Zamri Bin Wan Chik ("Plaintiff") against a subsidiary company, CNI Enterprise (M) Sdn. Bhd. on 5 February, 2005 for the Plaintiff's alleged wrongful termination as CNI Enterprise (M) Sdn. Bhd.'s distributor and sale point operator. The Plaintiff 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.. The Plaintiff'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.

The Court has granted the order for the Plaintiff's application to amend the Writ and Statement of claim on 16 January 2006 with costs to be borne by the Plaintiff.

CNI Enterprise (M) Sdn. Bhd. has filed an inter-partes application for an interim injunction against the Plaintiff to, amongst others, 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 Plaintiff on condition that a sum of RM250,000 be deposited with the Court to fortify CNI Enterprise (M) Sdn. Bhd.'s 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 the Plaintiff's Statement of Claim. The Learned Senior Assistant registrar has on 10 September 2007 allowed the application and the Plaintiff's claim for special damages be amended to RM295,000. The Plaintiff filed an appeal against the Senior Assistant Registrar's decision which appeal was dismissed by the Learned Judge on 17 June 2008. The fair order granted by the Learned Judge has been served on the Plaintiff's Solicitors on 19 November 2008. The matter is fixed for decision and case management on 28 April 2009.

With the striking out of the frivolous portion of the Plaintiff's Statement of Claim and the claim for special damages of RM16,238,812 pleaded in the Statement of Claim ordered by the Court to be amended to RM295,000 and in the absence of further development, the said suit would no longer be considered as a material litigation.

39. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) Transactions with subsidiary companies.

	COMPANY	
	2008 RM	2007 RM
CNI Enterprise (M) Sdn. Bhd.		
- Management fee revenue received and receivable	(5,853,000)	(3,959,000)
- Dividend revenue (gross) received and receivable	-	(32,940,000)
- Retirement benefits	-	7,167,000
Exclusive Mark (M) Sdn. Bhd.		
- Dividend revenue (gross) received and receivable	-	(5,327,000)
- Management fee revenue received and receivable	(1,438,000)	(909,000)
- Interest revenue received and receivable	-	(70,000)
Q-Pack (M) Sdn. Bhd.		
- Dividend revenue (gross) received and receivable	-	(699,000)
- Management fee revenue received and receivable	(582,000)	(332,000)
Creative Network International (S) Pte. Ltd.		
- Management fee revenue received and receivable	(365,000)	(203,000)
Symplesoft Sdn. Bhd. (formerly known as Key Elite Sdn. Bhd.)		
- Management fee revenue received and receivable	(10,000)	-
Infuso Sdn. Bhd.		
- Management fee revenue received and receivable	(36,000)	-
- Interest revenue received and receivable	(60,000)	-
CNI Enterprise (M) Sdn. Bhd.		
- Rental of premises paid and payable	183,000	156,100
- Purchase of property, plant and equipment	-	351,000

(b) 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	
		2008 RM	2007 RM
Rental charge paid and payable to PC Marketing Sdn. Bhd.	(i)	84,000	84,000



39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

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

	Note	GROUP	
		2008 RM	2007 RM
Sales received and receivable from - CNI Enterprise (India) Pte. Ltd.	(ii)	(34,000)	(118,000)

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

	Note	GROUP	
		2008 RM	2007 RM
Sales received and receivable from - CNI Corporation Sdn. Bhd.	(ii)	(13,000)	-
Rental revenue received and receivable from - CNI Corporation Sdn. Bhd.	(i)	(847,000)	(922,000)
Management fee paid and payable to - CNI Corporation Sdn. Bhd.	(iii)	(508,000)	518,000

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

	Note	GROUP	
		2008 RM	2007 RM
Sales received and receivable from - CNI Hong Kong Limited	(ii)	(1,180,000)	(1,129,000)
Purchases paid and payable to - CNI Hong Kong Limited	(vii)	-	14,000

39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

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

GROUP			
	Note	2008 RM	2007 RM
Rental revenue received and receivable from			
- CNI Venture Sdn. Bhd.	(i)	(116,000)	(116,000)
Research and development expenditure paid and payable to			
- CNI Venture Sdn. Bhd.	(iv)	(558,000)	521,000

- (g) 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			
	Note	2008 RM	2007 RM
Patent fee paid and payable to			
- Citra Nusa Insan Cemerlang Investment Co.	(v)	80,000	83,000

- (h) 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			
	Note	2008 RM	2007 RM
Trademark fee paid and payable to			
- CNI IPHC	(vi)	199,000	206,000

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

GROUP			
	Note	2008 RM	2007 RM
Sales received and receivable from			
- Leader Regent Inc.	(ii)	(6,294,000)	(4,778,000)

39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

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

	Note	GROUP	
		2008 RM	2007 RM
Sales received and receivable from - CNI (China) Co. Ltd. (formerly known as CNI Foods Products Co. Ltd.)	(ii)	(682,000)	(1,053,000)

- (k) 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:-

	Note	GROUP	
		2008 RM	2007 RM
Rental revenue received and receivable from - Yayasan CNI	(i)	(29,000)	(29,000)
Sales received and receivable from - Yayasan CNI	(ii)	-	(43,000)

- (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.

Information regarding outstanding balances arising from related parties transactions as at 31 December 2008 are disclosed in note 10, 13 and 25.

39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

(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.

The remunerations of the key management are as follows:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term employees benefits	7,700,839	10,861,267	4,218,293	6,464,165
Post-employment benefits	2,249,643	2,707,732	1,707,392	1,887,881

40. 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 and trading	Multilevel marketing of health care and consumer products and trading of industrial materials
Food and beverages outlets	Operation of food and beverages 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.



40. SEGMENT ANALYSIS (cont'd)

(a) Primary Reporting Format - Major Business Segments

	Investment Holding RM	Manufac- turing RM	Marketing & Trading RM	Food & Beverage Outlets RM	Elimination RM	Consolidated RM
2008						
Revenue						
External revenue	425,305	18,282,073	162,082,000	1,096,786	-	181,886,164
Inter segment revenue	8,292,417	34,748,223	1,818,923	339,986	(45,199,549)	-
Total revenue	8,717,722	53,030,296	163,900,923	1,436,772	(45,199,549)	181,886,164
Result						
Segment result	(44,249)	5,941,868	14,098,802	(1,228,923)	4,021,937	22,789,435
Interest expenses						(26,469)
Interest revenue						694,773
Taxation						(6,508,773)
Minority interest						12,266
Profit from ordinary activities						16,961,232
Assets						
Segment assets	81,639,489	36,240,666	64,786,985	3,970,223	(80,186,737)	106,450,626
Tax assets						1,647,145
Deferred tax assets						2,480,831
Cash deposits with licensed banks						38,941,451
						149,520,053
Liabilities						
Segment liabilities	11,307,493	8,121,833	29,134,245	4,034,213	(18,094,097)	34,503,687
Interest bearing liabilities						179,236
Taxation						1,698,405
Deferred tax liabilities						1,729,100
						38,110,428
Capital expenditure	43,279	605,434	1,030,751	1,391,790	(4,398)	3,066,856
Depreciation of property, plant and equipment	103,313	2,216,380	1,925,234	148,339	3,052	4,396,318
Non-cash expenses other than depreciation						
Bad debt written off	-	-	5,512	-	-	5,512
Inventories written off	-	356,059	-	-	-	356,059
Inventories written down	-	-	356,286	-	-	356,286
Retirement benefits expense	969,489	140,343	123,384	-	-	1,233,216
Provision for employee benefits	211,656	-	252,680	-	-	464,336
Property, plant and equipment written off	19	5,424	66,908	-	-	72,351



40. SEGMENT ANALYSIS (cont'd)

(a) Primary Reporting Format - Major Business Segments (cont'd)

	Investment Holding RM	Manufac- turing RM	Marketing & Trading RM	Food & Beverage Outlets RM	Elimination RM	Consolidated RM
2007						
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
Result						
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
Assets						
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
Liabilities						
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
Non-cash expenses other than depreciation						
Retirement benefits expense	1,013,140	156,363	86,706	-	-	1,256,209
Provision for employee benefits	37,809	-	242,687	3,141	-	283,637
Property, plant and equipment written off	711	39,472	101,134	-	-	141,317

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.

40. SEGMENT ANALYSIS (cont'd)

(b) Secondary Reporting Format - Geographical Segments

Segment revenue based on geographical location of its customers:-

	2008 RM	2007 RM
Malaysia	158,547,466	158,912,968
Brunei	9,488,518	8,911,847
Hong Kong	758,430	1,261,941
India	78,018	124,430
Singapore	9,624,274	8,135,226
Philippines	443,022	52,920
Indonesia	1,946,364	2,426,464
United States of America	863,807	296,408
Others	136,265	-
	181,886,164	180,122,204

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
2008			
Segment assets	106,509,645	2,498,899	109,008,544
Tax assets			1,647,145
Deferred tax assets			2,480,831
Cash deposits with licensed banks			36,383,533
Consolidated total assets			149,520,053
Capital expenditure	3,061,167	5,689	3,066,856
2007			
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



41. SIGNIFICANT EVENTS

- (i) On 29 September 2008, a subsidiary company, Infuso Sdn. Bhd. acquired 1,000 ordinary shares of RM1 each in Regal Effect Sdn. Bhd. ("RESB") representing 100% of the issued and fully paid up share capital of RESB for a total consideration of RM16,000. Subsequently, the paid up share capital was increased from RM1,000 to RM500,000.
- (ii) On 22 October 2008, the Company subscribed for 1 ordinary share of RM1 each in Lotus Supplies Sdn. Bhd. ("LSSB") representing 50% of the issued and fully paid up share capital for a total consideration of RM1. The Company subscribed additional of 349,999 which represents 70% of the issued and fully paid up share capital as the paid up share capital was increased from RM2 to RM500,000.

42. 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.

42. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (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.

42. 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
Group		
2008		
Financial Assets		
Staff car loan receivables (non-current)	198,616	174,446
Financial Liabilities		
Term loan	165,574	195,505
Hire purchase payables	13,662	13,560
2007		
Financial Assets		
Staff car loan receivables (non-current)	331,207	297,691
Financial Liabilities		
Term loan	186,297	136,439
Hire purchase payables	19,348	19,241

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

	Carrying Amount RM	Fair Value RM
2008		
GROUP		
Contingent liabilities	295,000	*_-
COMPANY		
Contingent liabilities	-	*_-
2007		
GROUP		
Contingent liabilities	947,393	*_-
COMPANY		
Contingent liabilities	7,773,100	*_-

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

The properties held by the Group and the Company as at 31 December 2008 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 2008 (RM'000)	Date of Acquisition/ last revaluation
<p>HS(D) 225891 PT42, Bandar Glenmarie, Daerah Petaling, Selangor Darul Ehsan</p> <p>Wisma CNI, No. 2, Jalan U1/17, Seksyen U1, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan</p>	Commercial Buildings / Office cum factory	175,602 / 200,733	Freehold	12	31,569	1 Apr 1994/ -
<p>Grant 57213 Lot 8302, Mukim 13, North East District, Penang.</p> <p>No.27A, 27B and 27C, Lintang Angsana, Bandar Baru Air Itam, 11500 Air Itam, Penang.</p>	Intermediate three storey shophouse / Renting out to third parties	1,991 / 4,444	Leasehold – 99 years (30 May 2093)	17	760	10 Jul 2003/ 31 Dec 2008
<p>HS(D) 100850, PT 576, Bandar Shah Alam, Petaling District, Selangor Darul Ehsan</p> <p>No. 1, Jalan Tengku Zabedah F9/F, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.</p>	Six storey corner shophouse cum office / Renting out to 3 rd parties	2,252 / 12,865	Leasehold – 99 years (29 Aug 2094)	11	2,500	4 Apr 1995/ 23 Dec 2008
<p>HS(D) 100852, PT 578, Bandar Shah Alam, Petaling District, Selangor Darul Ehsan</p> <p>No. 3, Jalan Tengku Zabedah F9/F, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.</p>	Six storey shophouse cum office / Renting out and occupied as store room	1,800 / 10,632	Leasehold – 99 years (29 Aug 2094)	11	1,950	4 Apr 1995/ 23 Dec 2008



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 2008 (RM'000)	Date of Acquisition/ last revaluation
PM 4240 Lot 34357, Bandar Ampang, Hulu Langat District, Selangor Darul Ehsan 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.	5-storey terrace shoplot/ Renting out to third parties	1,865 / 9,163	Leasehold – 99 years (23 May 2089)	12	2,350	12 Jul 1993/ 24 Dec 2008
HS(D) 59437 PT 284, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan No. A-6-13 Block A, Sri Alam Condominium, Jalan Kelab Golf 13/1, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan	Condominium storey No.6 of Block A / Renting out to third parties	Not applicable/ 1,231	Leasehold – 99 years (14 Feb 2091)	10	225	30 May 1995/ 22 Dec 2008
Country Lease No.015585225, District of Kota Kinabalu, Locality of Kuala Menggatal, State of Sabah Lot No. 144, DBKK No. Q-6, Block Q, Alamesra Plaza Permai, Sulaman-Coastal Highway, 88400 Kota Kinabalu, Sabah	3-storey shop cum office (corner) / Vacant	2,273 / 6,504	Leasehold – 99 years (31 Dec 2098)	2	1,258	19 Jun 2008/ 8 Jan 2009

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):-

1. Utilisation of Proceeds

During the financial year ended 31 December 2008, there were no proceeds received by the Company from any corporate proposals which required Securities Commission's approval.

2. Share Buy-Back

During the financial year, the Company bought back a total of 761,000 of its issued and fully paid ordinary shares of RM0.10 each ("CNI Shares") in the open market. The details of the CNI Shares bought back during the year are as follows:-

Monthly Breakdown 2008	No. of CNI Shares Bought Back	Price per CNI Share (RM)			Average Cost per CNI Share* (RM)	Total Cost* (RM)
		Lowest	Highest	Average		
March	375,800	0.340	0.350	0.345	0.343	128,711.51
July	200,000	0.275	0.280	0.278	0.277	55,403.01
September	5,000	0.280	0.285	0.283	0.289	1,443.43
October	180,200	0.190	0.245	0.218	0.201	36,205.09

* Inclusive of transaction cost

All the CNI Shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 December 2008, a total of 2,453,800 CNI Shares bought back were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

3. Options, Warrants or Convertible Securities Exercised

There were no options, warrants or convertible securities issued by the Company or exercised during the financial year ended 31 December 2008.

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

During the financial year ended 31 December 2008, 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.

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 2008 are as follow:-

Moore Stephens AC, Malaysia	RM8,400.00
MSA Tax Services Sdn. Bhd., Malaysia	RM32,568.20
Firms affiliated to Moore Stephens AC, Malaysia	RM12,600.00
Total	RM53,568.20

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 2008 and the unaudited financial results for the year ended 31 December 2008 announced by the Company on 26 February 2009.

8. Profit Guarantee

There was no profit guarantee given by the Company and its subsidiary companies during the financial year.

9. Material Contracts

Save as those described in Note 39 to the Financial Statements on pages 101 to 105 of this Annual Report, there were no material contracts entered into by the Company and its subsidiary companies involving the interest of directors and/ or major shareholders, either subsisting at the financial year ended 31 December 2008 or entered into since the end of the previous financial year.

10. Contract Relating to Loan

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

11. Revaluation Policy

The Company does not revalue its landed properties classified as Property, Plant and Equipment. The revaluation policy on landed properties classified as Investment Properties are as disclosed in Note 3 (f) to the Financial Statements on pages 63 to 64 of this Annual Report.

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

At the Annual General Meeting held on 19 June 2008, the Company had obtained a mandate from its shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.



The details of the recurrent related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2008 pursuant to the said 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 Gan Chooi Yang	508,290	Provision of management services to CNIE
	CNIE		326,470	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 Gan Chooi Yang	397,442	Provision of research, development and testing services to EM
	Q-Pack (M) Sdn Bhd ("Q-Pack")		160,916	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
	EM		5,307	Provision of microbiological test service to CNI Venture Sdn Bhd
Citra Nusa Insancemerlang Investment Company	EM	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Law Yang Ket Gan Chooi Yang	40,218	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		39,635	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
PC Marketing Sdn Bhd	Q-Pack	Dato' Koh Peng Chor Datin Chuah Tek Lan Koh How Loon	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



Transacting Parties		Interested Related Parties	Amount Transacted during the financial year RM	Nature of transactions
Transacting Party	Company within our Group			
CNI Enterprise (India) Private Ltd	CNIE	Dato' Koh Peng Chor Cheong Chin Tai Gan Chooi Yang	33,857	Purchase of goods from CNIE
	EM		44,161	Contract manufacturing customer of EM
	Q-Pack		23,911	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 Gan Chooi Yang	198,678	Licence to CNIE the rights to use the trademarks and CNI logo in Malaysia, Brunei and Singapore
CNI Hong Kong Limited	CNIE	Dato' Koh Peng Chor Tan Sia Swee Gan Chooi Yang	394,623	Purchase of goods from CNIE
	EM		357,695	Contract manufacturing customer of EM
	Q-Pack		288,726	Contract manufacturing customer of Q-Pack
	CNIS		139,351	Sales of products to CNIS
	CNIS		2,231	Purchase of products from CNIS
CNI (China) Co. Ltd. (Formerly known as Qingdao CNI Food Products Co. Ltd.)	EM	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Law Yang Ket Gan Chooi Yang	484,002	Supply of royal jelly powder and honey to EM
	CNIE		198,296	Supply and procurement of goods and raw material to CNIE
Leader Regent Inc.	EM	Dato' Koh Peng Chor Wong Siew Fong Gan Chooi Yang	6,051,718	Contract manufacturing customer of EM
	CNIE		242,302	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		5,916	Purchase of goods from CNIE
CNI Global Inc.	EM	Gan Chooi Yang	443,023	Contract manufacturing customer of EM

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	132	1.52	3	0.03	5,110	(1)	140	(1)
100 - 1,000	3,404	39.18	266	3.06	1,849,270	0.26	158,580	0.02
1,001 - 10,000	3,831	44.10	115	1.32	10,509,672	1.46	281,480	0.04
10,001 - 100,000	740	8.52	16	0.19	21,405,112	2.98	670,400	0.09
100,001 – 35,876,659 (*)	168	1.93	10	0.12	226,637,092	31.59	16,108,353	2.24
35,876,660 and above (**)	3	0.03	-	-	439,907,991	61.37	-	-
Total	8,278	95.28	410	4.72	700,314,247	97.60⁽²⁾	17,218,953	2.40⁽²⁾

Notes:

(*) Less than 5% of issued shares⁽²⁾

(**) 5% and above of issued shares⁽²⁾

(1) Less than 0.01%

(2) Excluding a total of 2,466,800 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 4 May 2009.

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

Name	Direct Interests		Indirect Interests	
	No. of Shares Held	% of Issued Shares ⁽³⁾	No. of Shares Held	% of Issued Shares ⁽³⁾
Dato' Koh Peng Chor	2,490,240	0.35	373,275,443 ⁽¹⁾	52.02
Tan Sia Swee	-	-	25,933,380 ⁽²⁾	3.61
Law Yang Ket	1,387,752	0.19	-	-
Cheong Chin Tai	1,200,000	0.17	-	-
Chew Boon Swee	1,128,614	0.16	-	-
Zulkifli bin Mohamad Razali	-	-	-	-
Thiang Kai Goh	-	-	-	-
Aggie Chew Poh Lian	-	-	-	-
Lim Lean Eng	1,988,960	0.28	62,520 ⁽²⁾	0.01

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) Excluding a total of 2,466,800 CNI shares bought-back by CNI and retained as treasury shares as at 4 May 2009.



SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Indirect Interests	
	No. of Shares Held	% of Issued Shares ⁽³⁾	No. of Shares Held	% of Issued Shares ⁽³⁾
Marvellous Heights Sdn Bhd	363,526,123	50.66	-	-
Cabar Sanubari Sdn Bhd	50,358,878	7.02	363,526,123 ⁽¹⁾	50.66
Fitri Ceria Sdn Bhd	37,741,868	5.26	-	-
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123 ⁽¹⁾	50.66
Syed Esa bin Syed Abdul Kadir	-	-	413,885,001 ⁽¹⁾	57.68
Syed Abdullah bin Syed Abd Kadir	-	-	413,885,001 ⁽¹⁾	57.68
Datin Normah binti Tan Sri Hashim	-	-	37,741,868 ⁽¹⁾	5.26
Dato' Mohamed Azman bin Yahya	-	-	37,741,868 ⁽¹⁾	5.26
Dato' Koh Peng Chor	2,490,240	0.35	373,275,443 ⁽²⁾	52.02
Datin Chuah Tek Lan	1,167,200	0.16	374,598,483 ⁽²⁾	52.21

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 2,466,800 CNI shares bought-back by CNI and retained as treasury shares as at 4 May 2009.



TOP THIRTY SECURITIES ACCOUNT HOLDERS

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

	Name	No. of Shares Held	% of Issued Shares ⁽¹⁾
1.	Marvellous Heights Sdn Bhd	363,526,123	50.66
2.	Cabar Sanubari Sdn Bhd	38,640,000	5.39
3.	Fitri Ceria Sdn Bhd	37,741,868	5.26
4.	Wong Siew Fong	25,093,380	3.50
5.	Astaka Cergas Sdn Bhd	18,910,390	2.64
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.	RHB Capial Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low 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	2,901,000	0.40
24.	Addeen Trading Sdn Bhd	2,880,900	0.40
25.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor (PB)	2,490,243	0.35
26.	Suharman Subianto	2,477,243	0.35
27.	Cheong Chee Kee	2,463,666	0.34
28.	Stephanus Abrian Natan	2,372,158	0.33
29.	Wong Siew Keow	2,025,400	0.28
30.	ED Nominees (Tempatan) Sendirian berhad Pledged Securities Account for Chen Khai Voon (SFC)	1,791,100	0.25
	Total	622,364,477	86.75

Note:

(1) Excluding a total of 2,466,800 CNI shares bought-back by CNI and retained as treasury shares as at 4 May 2009

NOTICE IS HEREBY GIVEN that the Twentieth 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, 25 June 2009 at 11.00 a.m., for the purpose of transacting the following business:

AGENDA

Ordinary Business	
1. To table the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.	
2. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Company's Articles of Association: Tan Sia Swee Chew Boon Swee Zulkifli Bin Mohamad Razali	Resolution 1 Resolution 2 Resolution 3
3. To approve the payment of Directors' fees of RM264,000 for the financial year ended 31 December 2008.	Resolution 4
4. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 5
Special Business	
To consider and if thought fit, to pass the following ordinary resolutions:	
5. Authority to Directors to Issue Shares "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and 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."	Resolution 6
6. 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 Recurrent RPT Mandate") and Proposed Shareholders' Mandate CNI Holdings Berhad and its Subsidiaries to enter into new Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Recurrent RPT Mandate") "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 19 June 2008, 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 19 June 2008 (New Recurrent RPTs), all set out in Sections 1.3.1 and 1.3.2 respectively of Part A of the Circular to Shareholders dated 1 June 2009 with the related parties mentioned therein which are necessary for the CNI Group's day to day operations, provided that: (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,	Resolution 7



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 Recurrent RPT Mandate and Proposed New Recurrent RPT 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 occurs first.

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."

7. Proposed Renewal of Authority for the Purchase by CNI Holdings Berhad of its own Ordinary Shares ("Proposed Share Buy-Back")

Resolution 8

"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 19 June 2008 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 2008 amounted to RM10,303,260.

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.

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 bought 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."



By Order Of The Board

LIM MING TOONG (MAICSA 7000281)
CHIN YOKE KWAI (MAICSA 7032000)
Company Secretaries

Selangor Darul Ehsan
1 June 2009

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 appointer 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 6, 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 7, 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 8, 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 Recurrent RPT Mandate, Proposed New Recurrent RPT Mandate and Proposed Share Buy-Back are set out in the Circular to Shareholders dated 1 June 2009, despatched together with the Company's Annual Report 2008.

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 Twentieth 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) Tan Sia Swee – (Resolution 1)
- (b) Chew Boon Swee – (Resolution 2)
- (c) Zulkifli Bin Mohamad Razali – (Resolution 3)

The details of the Directors who are seeking re-election are set out in their respective profile which appear in the Directors' Profile on pages 16 and 18 of the Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings which appear on page 118 of the Annual Report.

2. Details of attendance of Directors at Board Meetings

A total of eight Board meetings were held in the financial year ended 31 December 2008. The details of attendance of Directors at the Board meetings held in the financial year ended 31 December 2008 are set out in the Statement on Corporate Governance on page 21 of the Annual Report.

3. Place, Date and Hour of Twentieth Annual General Meeting of the Company

The Twentieth 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, 25 June 2009 at 11.00 a.m., and at any adjournment thereof.



Code	Distribution Centres & Sales Points (DC & SP)	Address	Tel	Fax
------	---	---------	-----	-----

PERLIS

DC	R150	Arau DC	95, Lot 342, Jln Jelawi Sematang Tmn Muhibbah Fasa 2 Jejawi 02600 Arau.	04-9771288/019-4100355	04-9771289
SP	ZR362	Padang Besar	518, Jln Sekolah Rendah Kebangsaan, 02100 Padang Besar.	04-9490554	04-9492554

KEDAH

DC	K134	Kulim DC	70, Tkt 1, Lrg Semarak 3, Tmn Semarak 09000 Kulim.	04-4951564/016-4268025	04-4951828
	K213	Alor Star DC	13 Jln Simpang Kuala, Bdr Baru Simpang Kuala 05400 Alor Star.	04-7772916/013-4239897/ 013-5119897/013-4389897	04-7772915
	K219 Cni	Langkawi DC	87, Persiaran Mutiara Pusat Dagangan Kelana Mas 07000 Langkawi.	04-9672460/012-4941460	04-9663460
	K221	Sungai Petani DC	Wisma Zainal Yusoff 7 Lengkok Cempaka, Persiaran Cempaka, Amanjaya 08000 Sg Petani.	04-4419897/012-9871175/ 013-9339897	04-4428897
	K244	Changlon DC	5 Pekan Changlon 206010 Changlon	04-9246923/012-24932758/ 019-4442758	04-9246923
SP	ZK134	Jitra SP	3B, Jln Satu, Pekan Jitra 2, 06000 Jitra.	04-7337867/04-9178771	
	ZK323	Baling SP	No H6 Tkt 1, Pekan Baru Baling 09100 Baling.	013-4239606	
	ZK342	Padang Serai SP	385, Lrg Kenangan 4/9 Tmn Kenangan, Sg Karangan, 09410 Padang Serai.	04-4855513/019-4434003	
	ZK346	Kuah SP	39, Pekan Lama (Sebelah Mat Sirat Supermarket) Padang Mat Sirat, Kuah 07000 Langkawi.	019-5598337/019-4499507	
	ZK388	Gurun SP	2A Lorong Murni 1/1A, Taman Murni, 08300 Gurun.	019-4788399, 019-4003191	

PULAU PINANG

DC	P103 Cni	Perak Road DC	175, Perak Road, 10150 Penang.	04-2271092/2816718 (R)	04-2271092
	P216 Cni	Perai DC	22, Jln Perai Jaya, 13700 Perai, Butterworth, Penang.	04-3986050	04-3984050
	P238 Cni	Air Itam DC	27, Lintang Angsana, Bdr Baru Air Hitam 11500 Penang.	04-8286626	04-8279626
SP	ZP112B	Permatang Pauh SP	19, Lrg Cermat 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418/012-4286418	04-3902471
	ZP131A	Seberang Perai SP	10, Lrg Sg Bakap Permai 5, Tmn Sg. Bakap Permai 14200 Seberang Perai Selatan.	019-4494257	
	ZP158	Bayan Lepas SP	119, Jln Tun Dr Awang, Sg Nibong Kecil, Bukit Jambul 11900 Bayan Lepas.	04-6449637/019-5657126	

PERAK

DC	A16 Cni	Tg Malim DC	No 1, Jln U1, Tmn Universiti, 35900 Tg Malim.	05-4590029/4597469 (R)/ 012-5386669	05-4590029
	A17 Cni	Ipoh DC	14, Jln Ghazali Jawi, 31400 Ipoh (In front of stadium).	05-5460393/012-5069339	05-5476032
	A21	Taiping DC	17, Jln Wayang Gambar, 34000 Taiping.	05-8070981/012-5072686	05-8070981
	A143 Cni	Teluk Intan DC	Lot 12650, 1st Flr, Jln Changkat Jong, 36000 Teluk Intan.	05-6217795	05-6217795
	A149	Kampar DC	S-23 Tmn Kampar, 31900 Kampar.	05-4664502/4651801 (R)	05-4664502
	A210 Cni	Sitiawan DC	23, Tmn Sentosa, Jln Lumut, 32300 Sitiawan.	05-6911171	05-6911171
	A224	Jalan Gopeng DC	17A, Medan Lagenda 1 Medan Lapangan Lagenda, 31350 Jln Gopeng, Ipoh.	05-3111450/019-3262542	05-3111450
	A242	Bercham DC	13, Persiaran Medan Bercham 4 Pst Bdr Baru Bercham, 31400 Ipoh, Perak.	05-5363691/012-5386669	05-5363597
SP	ZA157A	Manong SP	29, Rumah Awam Manong, 33800 Manong.	012-5023421	
	ZA213A	Lahat SP	3, Persiaran Pinjil Selatan 8 Desa Pelancongan 31500 Lahat.	012-5215428	
	ZA246	Tapah SP	22, Tkt 1, Jln Raja 35000 Tapah.	05-40414033/016-5347633	
	ZA249	Taiping SP	No 17A, Medan Kemunting 2 Medan Kemunting 34600 Kemunting Taiping.	019-4424462	
	ZA379	Pantai Remis SP	No 7, Tkt Atas Jln Besar Tmn Desa Dua 34900 Pantai Remis.	05-6775107/016-7709629	
	ZA386	Hutan Melintang SP	No 3, Lorong Melintang Ria 1, Taman Melintang Ria, 36400 Hutan Melintang.	05-6416272/016-5554060	

Code	Distribution Centres & Sales Points (DC & SP)	Address	Tel	Fax	
SELANGOR					
DC	B56	Klang DC	9, Wisma Ching Eu Boon, Lrg Gudang Nanas 2, Jln Pasar 41400 Klang.	03-33439897/33433416/ 019-3209897	03-33433416
	B179	Petaling Jaya DC	53A, Jln SS3/29 Tmn Universiti, 47300 Petaling Jaya.	03-78739897	03-78736897
	B197 <i>C&S</i>	Seri Kembangan DC	13, Jln PSK1, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan.	03-89435480/89435481/ 012-2915007/012-6130643	03-89435481
	B205	Rawang DC	G10, Jln Sri Hijau 14 Tmn Sri Hijau, 48000 Rawang.	03-60928461/60928525	03-60928525
	B230 <i>C&S</i>	Ampang DC	1-12, Jln Dagang B/3A Tmn Dagang 68000 Ampang.	03-42701897	03-42706279
	B231	Subang Jaya DC	12A, Jln USJ 21/6, 47600 UEP Subang Jaya.	03-80259639	03-80259637
	B233 <i>C&S</i>	Batu Caves DC	573, Jln Samudera Utara 1 Tmn Samudera, 68100 Batu Caves.	03-61841897	03-61842897
	B239 <i>C&S</i>	Semenyih DC	92A, Jln 1/2 Seksyen 1, Bdr Teknologi Kajang, Off Jln Semenyih, 43500 Semenyih.	03-87233897/019-3158767 FJ9897@gmail.com	03-87234897
SP	ZB103	Sungai Buloh SP	PLB No 23, Batu 15 Pasar Malam, Paya Jaras, 47000 Sg Buloh.	03-61402064/013-6280366	
	ZB117	Pelabuhan Klang SP	Blk F 117-B, Tingkat 1 Tmn Kem, Jln Kem 42000 Pelabuhan Klang.	03-31682466/016-2800767	
	ZB121	Pandamaran SP	79A, Jln Pendarar Pandamaran, 42000 Pelabuhan Klang.	03-31679897/012-2159897	03-31683505
	ZB128	Kg. Melayu Subang SP	Lot 3674-Z, Kg Melayu Subang, 40000 Shah Alam.	03-78463407/019-2633914	03-78463407
	ZB176	Banting SP	161, Jln Sultan Abdul Samad, 42700 Banting.	03-31872333/012-3027433	03-31872333
	ZB211	Bukit Kapar SP	Lot 5298 Jln Haji Hashim, Bukit Kapar 42200 Klang.	03-33931686/013-6416826/ 019-3539897	03-33931686
	ZB223A <i>C&S</i>	Bandar Baru Bangi SP	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	Batang Kali SP	No. 33, Jln Meranti 2C Bdr Utama, 44300 Batang Kali, Selangor.	012-2811324/012-3043401	
	ZB256 <i>C&S</i>	Balakong SP	No-41-1 Jln PDR 6, Kaw Perusahaan Desa Ria, 43300 Balakong.	03-89618673/019-2334303	
	ZB286	Taman Dato' Harun SP	4, Jln 13 Tmn Dato' Harun 46000 PJ	03-77841859/016-3133466	
	ZB307	Banting SP	47, Jln Klang Banting Teluk Panglima Garang, 452000 Banting.	019-3656926/019-2279897/ 012-2047998	
	ZB322	Sabak Bernam SP	No. 20, Jln 12A, Tmn Muhibah, 45200 Sabak Bernam.	03-32164761/013-6616702/ 013-6648818	
	ZB334	Kota Damansara SP	8, Jln Cecawi 6/16 Kota Damansara, 47810 PJ.	016-2029897/016-2039897	
	ZB353	Teluk Panglima Garang SP	Lot 2323, Lrg Aman Kg Sijangkang 42500 Teluk Panglima Garang, Selangor.	03-31227021/016-3552162	
	ZB364 <i>C&S</i>	Seksyen 24, Shah Alam SP	11, Tingkat Satu, Jln Timun C/24C, Seksyen 24, 40000 Shah Alam.	03-55413004/019-3329897	
	ZB371A	Tanjong Karang SP	No. 18A, Jln 3, Taman Suria Indah, 45500 Tanjong Karang.	03-32697897/019-2057516	
	ZB383	Batang Berjuntai SP	No. 23B (Restaurant) Jln Besar Batang Berjuntai 45600 Selangor.	019-3324509	
WILAYAH PERSEKUTUAN					
DC	W131 W192 W196 <i>C&S</i> W243	Setapak DC Cheras DC Jalan Ipoh DC Putrajaya DC	211 A, Jln Genting Klang, 53300 Setapak. 54-A, Jln Serkut, Tmn Pertama, Cheras 56100. 21-1, Jln Ipoh Kecil, 50350 Jln Ipoh. No. 38A, Tingkat Satu, Jln Diplomatik, Presint 15, 62502 Putrajaya.	03-40245133 03-92877190 03-40456826/016-6117856 03-88905337	03-40239195 03-92877190 03-40451085 012-3724037
SP	ZW172 ZW363 <i>C&S</i>	Datok Keramat SP Taman Seri Rampai SP	2 Lrg Keramat Dalam 2 Dato Keramat 54200. No. 7, Jln 20/26 Tmn Seri Rampai, 53300 KL.	03-42561469/016-3037537 03-40232122/012-3457337	

Code	Distribution Centres & Sales Points (DC & SP)	Address	Tel	Fax
------	---	---------	-----	-----

NEGERI SEMBILAN

DC	N59 <i>كوت</i>	Seremban DC	656, Jln Haruan 4/10 Pusat Komersial Oakland, 70300 Seremban.	06-6338337/019-6500588/ 06-7629361 (R)	06-6339337
	HC23	Tampin DC	No.1052 Tkt Atas, Jln Perhentian Bas, Pulau Sebang 73000 Tampin.	06-4415128	06-4415128
	HC24	Nilai DC	PT 7165 Jln BBN 1/1A Putra Point Phase 1 Bandar Baru Nilai 71800.	06-8500130	06-8500138
SP	ZN201	Bahau SP	No. PT 4509, Jln Puteri 17, Tmn Desa Puteri, 72100 Bahau.	06-4540846/019-9463956	
	ZN357	Senawang SP	131-2, Jln Tmn Kormesil Senawang 1, Tmn Kormesil Senawang 70450 Seremban.	06-6788519/012-3141140	
	ZN376	Gemas SP	No 462 Blk 10, Felda Palong 8, 73470 Gemas.	06-4646825/012-9141404	
	ZN391	Port Dickson SP	No. 408, Jln DS 1/17, Bandar Dataran Segar Lukut, 71010 Port Dickson.	06-6515646/016-2209940/ 016-2205007	

MELAKA

DC	M207	Batu Berendam DC	11, Jln BBP 1 Tmn Berendam Putra 75350 Batu Berendam Melaka.	06-3359978/06-3369349/ 019-6555313/013-6189897	06-3350067
	M237	Kota Laksamana DC	57-A, Jln Kota Laksamana 1/2 Tmn Kota Laksamana, 75200 Melaka.	06-2837617	06-2827723
SP	ZM119A	Masjid Tanah SP	1379, Tingkat 1(Atas), Komplek Perniagaan Bdr Baru, 78300 Masjid Tanah.	06-3517809/013-6191208	06-3517809
	ZM192A	Pernu SP	590-1 Km 12 Kg Pemu, Pemu 75460.	06-2610012/012-6764096	06-2610012
	ZM199	Paya Rumput SP	No. 22, Jln IKS PR2 IKS Paya Rumput, 76450 Paya Rumput.	06-3162001/013-6257842	
	ZM378	Jasin SP	JB 2325-1A, Bdr Baru Jasin 3, 77000 Jasin Bandaraya.	019-6534599 myCNI@hotmail.com	

JOHOR

DC	J58	Kulai DC	14, Tkt 1, Jln Raya, Kulai Besar 81000 Kulai.	07-6633467	07-6633467
	J101 <i>كوت</i>	Taman Sentosa DC	277, Jln Sutera, Tmn Sentosa 80150 Johor Bahru.	07-3338995/016-7338995/ 012-7172937	07-3343862
	J135 <i>كوت</i>	Taman Bukit Indah DC	72, Jln Indah Satu, Tmn Bukit Indah, 81200 Johor Bahru.	07-2363628/016-7338226/ 019-7713628	07-2379228
	J189	Taman Molek DC	7, Jln Molek 2/5 Tmn Molek, 81100 Johor Bahru.	07-3524731	07-3543466
	J191	Muar DC	No. 3, Tmn Seri Gemilang, Jln Salleh, 84000 Muar, Johor.	06-9526590/019-6556563	06-9545191
	J218 <i>كوت</i>	Kluang DC	46, Jln Intan 2/2 Tmn Intan, 86000 Kluang.	07-7710242/012-7987598	07-7710242
	J227	Batu Pahat DC	Wisma ACEB 15, Jln Setia Jaya, Tmn Setia Jaya, 83000 Batu Pahat.	07-4389897	07-4319897
	SP	ZJ163	Kota Tinggi SP	No. 23-A, Jln Kolam Air, Tmn Medan Indah, 81900 Kota Tinggi.	07-8832051/016-7572046/ 017-7319897 fai_zah@streamyx.com
ZJ180A		Tangkak SP	23 Kampunng Baru Satu, 84900 Tangkak, Johor.	06-97820258/012-2317321	
ZJ231		Tampoi SP	No. 40, Jln Padi, Bdr Baru Uda, 81200 Tampoi.	07-2357221/016-7177221 milza_2121@yahoo.com.my	07-2357221
ZJ241		Gelang Patah SP	No. 9, Perhentian Bas dan Teksi, 81550 Gelang Patah, Johor.	013-7056869/013-7632010	
ZJ335		Skudai SP	No. 18A, Jln Kebudayaan 1A, Tmn Universiti, 81300 Skudai.	07-5215620/013-7305335/ 019-7173515 myCNI@hotmail.com	
ZJ365		Kluang SP	No. 36, Jln Cengkih, Tmn Makmur, 86000 Kluang.	07-7712948/019-21880898	
ZJ377		Masai SP	19, Jln Bayan 31/1, Tmn Megah Ria, Masai 81750 Johor Bahru.	07-3879468/013-7039468	
ZJ385		Pontian SP	G 24 Ground Floor, Plaza Harta, 82000 Pontian.	019-7814444/019-7111146	
ZJ390		Taman Desa Jaya SP	4 Jln Pematang 4, Taman Desa Jaya, 81100 Johor Bahru.	07-3544843/013-7740455/ 013-7790455	



Code	Distribution Centres & Sales Points (DC & SP)	Address	Tel	Fax	
KELANTAN					
DC	D188	Kota Bharu DC	PT397 Tingkat Bawah, Jln Dusun Raja, Sri Cemerlang 15400 Kota Bharu.	09-7433625/019-9809897	09-7477433
	D241	Machang DC	Lot 3117 Kweng Hitam, Jln Besar, 18500 Machang.	09-9758200	09-9578300
SP	ZD225A	Kuala Krai SP	No. 6, Depan Dewan Majlis Daerah Kuala Krai Utara (MDKKU) 18000 Kuala Krai.	017-9738776/012-9452303/ 019-9627689	
	ZD337	Tumpat SP	No. 61, Jln Puteri Sa'dong, 16250 Wakaf Baru Tumpat.	019-9826533	
	ZD351	Pasir Mas SP	W2/458, Jln Hospital, 17000 Pasir Mas, Kelantan.	019-9184408/013-9791272	
	ZD382	Pasir Putih SP	Kg. Alor Hijau Selising, 16810 Pasir Putih.	09-7892988/019-9101825	
	ZD387	Bukit Bunga SP	No. PT 1997/E, Bdr Baru Bukit Bunga, 17500 Tanah Merah.	019-9339847/019-9579897	
TERENGGANU					
DC	T118	Kemaman DC	40-A, Jln Jakar, Chukai 24000 Kemaman.	09-8591028	09-8591028
	HC20	Dungun DC	PT 8574 Tingkat Satu, Bangunan AO, Jln Baru Pak Sabah, 23000 Dungun.	09-8423898	09-8423890
	HC21	Kuala Terengganu DC	219, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6220085	09-6310085
SP	ZT227B	Gong Badak SP	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 KT.	09-6660366/013-94336988	
	ZT265E	Bandar Permaisuri Setiu SP	Depan Masjid Kg Banggol, 22100 Bdr Permaisuri Setiu, Terengganu.	09-6099899/019-9228508	
	ZT278	Kuala Besut SP	777-C Depan Stesen Bas, Jln Besar, Seberang Barat 22300 K. Besut.	09-6902868	
	ZT298	Kerteh SP	759-5, Kg Baru 24300 Kerteh Kemaman.	017-9702384/019-3375967 pieycni67@yahoo.com	09-6902868
PAHANG					
DC	C175	Temerloh DC	10, Tkt Bawah & Satu, Jln Sudirman 7, 28000 Temerloh.	09-2966127/09-2774753 (R)	09-2966127
	C202	Kuantan DC	B.58, Jln 1 M3/10 BIM Point, Bdr Indera Mahkota, Jln Kuantan 25200 Kuantan.	09-5732626/2628/ 013-9349897	09-5732636
	C203	Mentakab DC	No. 16, Jln Anggerik 28400 Mentakab.	09-2771463/019-9551626	09-2771463
SP	ZC139	Pekan SP	Lot 20, Tkt 2 Jln Engku Muda Mansur 26600 Pekan.	09-4269126/019-9525349	
	ZC230	Bentong SP	No. 7, Gerai MDB, Atas Hentian Raya Bentong, 28700 Bentong.	09-2224120/016-3643240	
	ZC300	Kuala Lipis SP	101A, Medan Niaga Bangunan MARA, Jln Stesen 27200 Kuala Lipis.	09-3122176/019-9661966	
	ZC369	Jengka SP	No. 119, Kg Sri Dahlia, Jengka 3, 26400 Bdr Pusat Jengka.	09-4765344/013-6020451	
	ZC370	Kuantan SP	B-1882 Lrg Sekilau 32, Tmn Pacific, 25200 Kuantan.	019-9839963	
	ZC384	Balok SP	No. 28 Lorong 1/17, Taman Balok Perdana, Balok 26100 Kuantan.	012-9582244	



Code	Distribution Centres & Sales Points (DC & SP)	Address	Tel	Fax
------	---	---------	-----	-----

SARAWAK

DC	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
	HC16	Sibu DC	No. 1, 1st & 2nd Flr, Pusat Tanahwang, Jln Pedada 96000 Sibu.	084-321284	085 - 410117
	HC19 Cni	Petra Jaya DC	Lot 9820 Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya 93050 Kuching.	082-428714	082 - 240192
	SR82 Cni	Miri DC	Lot 586, 1st Floor, Pelita Commercial Centre, Miri-Pujut Road 98000 Miri.	085-410117/085-410118 (R)	082 - 413092
	SR186 Cni	Kuching DC	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jln Tun Ahmad Zaidi Aduce 93150 Kuching.	082-424313/019 - 8182623	086 - 310611 084 - 321305
	SR206 Cni	Bintulu DC	189 Park City Commerce Square 97000 Bintulu.	086-310611/019-8151611	
	SR234	Sri Aman DC	No 6 Lot 1752 Jln Hospital 95000 Bdr. Sri Aman	083-325313/019-8195313	083 - 325313
	SR235	Kota Samarahan DC	No 8, 1st Floor Medan Universiti Lot 3688 Block 26 MTLD Sungai Segiting, Kota Samarahan 93450 Kuching, Sarawak.	082-661897/013-8019897	082 - 673897

SP	ZSR104	Miri SP	6A 1st Flr, Jln Parry 98000 Miri	085-437578/012-8731200	085 - 437578
	ZSR155A	Sibu SP	54-C, Kg Hilir 96000 Sibu.	084-332216/012-8819897	
	ZSR245A	Mukah SP	78 Newtownship 96400 Mukah.	084-871297/013-8063268	
	ZSR302C	Limbang SP	Tingkat 1 Lot 1349 Jln Pandaruan Kg Bangkita 98700 Limbang.	085-215117	085 - 215117
	ZSR303	Bau SP	1 Tkt 1 Market Serbaguna, Majlis Daerah Bau, 94000 Bau.	013-8236390/082-642089	
	ZSR309A	Lawas SP	Grd Flr 14 Lot 256 Jln Masjid Baru 98850 Lawas.	019-865 3693	
	ZSR325	Saratok SP	16 Lot 1864 Lorong 3 Tmn Lily, Jln Unak 95400 Saratok.	017-2220133	
	ZSR331	Serian SP	84, 1st Floor, Jln Bandar Serian 94700 Serian.	012-8903734	
	ZSR381	Sarikei SP	No. 5A Jln Hj. Karim, 96100 Sarikei.	084-656397/ 084-656397	

SABAH

DC	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	Keningau DC	Lot 18 Tkt 2 Ribumi Complex, Jln Masak Keningau 89000 Sabah.	087-333715 / 335295 (R)/ 013-8726299	087 - 333715
	SB166	Lahad Datu DC	Ground Floor, MDLD 0156, Jalan Cempaka 91100 Lahad Datu.	089-881953	089 - 881953
	SB168	Kota Kinabalu DC	Lot 29 block E 1st Flr, Jln Albert Kwok Sedco Komplek Kg Air 88000 Kota Kinabalu.	088-247790/013-8604168	088 - 247789
	SB178	Kunak DC	Kunak Plaza MDKNK 2327, 91207 Kunak.	089-852324/019-843 3229	089 - 852324
	SB215	Tawau DC	TB999 Jalan Utara 91000 Tawau Sabah.	089-768154/019-8033413	089 - 776867
	SB223	Sandakan DC	Lot 19 Bdr Pasaraya batu Jln Labuk PPM 10 Elopura 90000 Sandakan.	089-224868/012-4019897/ 012 - 8139897	089 - 211723

SP	ZSB170	Tuaran SP	1st Floor, Ph II, Lot No 15 Tmn Teo Ee, The Shopping Complex 89200 Tuaran.	088-794928/013-8736636	088 - 794928
	ZSB316A	Tambunan SP	Peti Surat 14 Pekan Tambunan 89657 Sabah.	019-8021699	
	ZSB338	Bandar Sandakan SP	Jln Player Block 17 Tingkat 1 APT.CI P.PJU 90307 Bandar Sandakan.	089-229132/019-8208799/ 019-5835847	
	ZSB349	Kota Marudu SP	No. 36 Taman WTK 89108 Kota Marudu.	088-663915/013-3458351/ 013-5580917	
	ZSB361	Donggongan SP	Lot 7 (1st Floor), Block A Donggongan Square, 89500 Penampang.	088-731687/012-8282687/ 013-8607687 cni_donggongan@yahoo.com.my	
	ZSB374	Labuan SP	Lot 9B, Taman Hoi Yen, Jln Kerupang 2, 87000 W.P. Labuan	087-429879/013-8549897	



Code	Distribution Centres & Sales Points (DC & SP)	Address	Tel	Fax	
BRUNEI					
DC	BR0001	Brunei Branch CNI Enterprise (M) Sdn Bhd	Bgn Begawan Pehin Hj Md. Yusuf, Kpg Kiulap BE1518 Negara Brunei Darussalam E-mail: fce212@brunet.bn	0673-2-237291/ 00673-2-237292 ☎: Hotline: 00673-2-237291	00673-2-237294
SP	ZBR336A	Kg. Junjongan SP	No. 7 Blok D, Junjongan Industrial Park Simpang 2169 Kg. Junjongan Mukim Lumapas BH2123 Brunei	00673-8644041	
	ZBR368A	Pasarneka Seria SP	Pasarneka Seria, Brunei	00673-8199897	
SINGAPORE					
DC	SG1	Singapore Branch Creative Network International (S) Pte. Ltd.	111, North Bridge Road #15-01 / #15-02 Peninsula Plaza, Singapore 179098 http://www.cni.com.sg/ e-mail: cnisg@singnet.com.sg	02 - 63320275	02-63377395
SP	SSP001	Ang Mo Kio Avenue SP	Blk 202 #01-1668 Ang Mo Kio Avenue 3 Singapore 560202	02 - 92370642	

PROXY FORM



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 Twentieth 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, 25 June 2009 at 11.00 a.m. or any adjournment thereof. My/our proxy shall vote as follows:

NO	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Tan Sia Swee as Director		
2.	To re-elect Chew Boon Swee as Director		
3.	To re-elect Zulkifli Bin Mohamad Razali as Director		
4.	To approve the payment of Directors' fees		
5.	To re-appoint Messrs Moore Stephens AC as Auditors and authorise the Directors to fix their remuneration		
6.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	To approve the Proposed Renewal of Recurrent RPT Mandate and Proposed New Recurrent RPT Mandate		
8.	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 _____ 2009

Signature(s) / Common Seal of Member(s)

* Delete whichever is/are not applicable

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%

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 appointer 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

1st fold here

CNI 20 Golden Years Celebration

Date	20 Golden Years Celebration	Venue
8/1/09	Launching of 20th Anniversary by Transport Minister Dato Seri Ong Tee Keat & 1 million Up Café giveaway to kick-start as part of the celebration	Wisma CNI
18/1/09	The first giveaway station for 1 million UP Café and sponsored 200 helmets for JKJR as support to the department's road safety campaign	Plaza Tol Sungai Besi at KL Seremban Expressway
31/5/09	Single Parent Family Career Development Project organized by Yayasan CNI	Wisma CNI
7/6/09-5/7/09	Jelajah 20 Tahun Keemasan CNI - Regional Recognition Celebration	Kuala Lumpur, Alor Star, Johor Bharu, Kuantan, Kota Kinabalu & Kuching
31/10/09	Anniversary Travel Seminar	Genting Highlands
1/11/09	CNI 20th Anniversary Celebration	Arena Of Stars, Genting Highlands
2/11/09	CNI 20th Anniversary International Seminar	Genting Highlands
11/09	CNI 20th Anniversary Incentive Trips	Bangkok/Taiwan

Projek Komuniti Penyang

CNI 20th Anniversary Incentive Trips

BANGKOK Thailand

TAIPEI Taiwan

ATS GENTING Genting Highlands

Launching of 20th Anniversary

Launching of 1 million Up Café giveaway to kick-start 20th Anniversary by Transport Minister Dato Seri Ong Tee Keat

The first station of giveaway 1 million UP Café and sponsored 200 helmets



CNI Holdings Berhad (181758-A)

Wisma CNI, No. 2, Jalan U1/17

Seksyen U1, Hicom-Glenmarie Industrial Park

40000 Shah Alam, Selangor Darul Ehsan

Tel : 03-5569 4000 Fax : 03-5569 1079/1080

Email : info@cniholdings.com.my

www.cniholdings.com.my