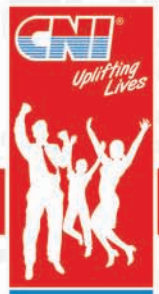




Annual Report 2009



20 years brighter

It has been 20 sustainable / progressive years for CNI especially in the direct selling industry. Our ubiquitous presence across frontiers aspired many to uplift their lives as we step into the next 20 years.

Corporate rebranding has been our most recent focus to instigate holistic experiences and instill a sense of dynamism within our community as they reach for greater heights towards self actualization and achievement.

To accomplish this, we believe in blending the best of the East and West in which differences are respected, and similarities strengthened. This concept is also extended to our products that adapt traditional formulas with modern technology to produce results that exceeds consumers' expectations.

We are a dynamic community where shared experiences and mutual support are our building blocks towards a better life for all. This is the face of CNI, at present and in many years to come.

VISION

We want to be a dynamic community where our shared experiences and mutual support are our building blocks towards a better life for all.

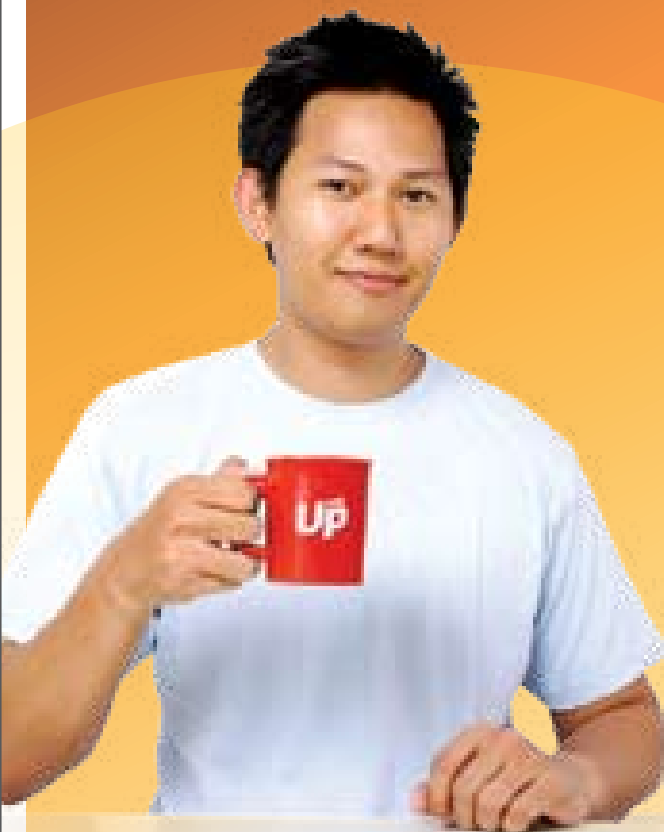
MISSION

We are more than just a business. Firmly rooted with Asian values, we blend the best of East and West in order to constantly deliver the highest quality experiences so as to help enrich the lives of our staff, members, customers, partners and the greater society.



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YEAR ENDED 31 DECEMBER

PERFORMANCE (RM'000)	2009	2008	2007	2006	2005
Revenue	158,512	181,886	180,122	204,006	234,223
Profit Before Taxation	10,150	23,458	27,652	34,969	42,042
Attributable Profit	6,485	16,961	20,811	25,359	30,245
KEY BALANCE SHEET DATA (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	60,000
Shareholders' Equity	107,954	111,272	100,944	93,467	82,853
Total Assets	141,013	149,520	137,857	144,708	126,056
Borrowings	299	179	206	684	5,870
FINANCIAL RATIOS					
Net Earnings Per Share (sen)	0.90	2.36	2.90	3.52	4.20
Net Dividend Per Share (sen)	1.35	0.89	1.62	2.18	2.88
Net Assets Per Share (sen)	15.07	15.51	14.05	12.99	11.51
Gearing Ratio (%)	0.3%	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")	Sale and distribution 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)	Sale and distribution of health care and consumer products in Singapore
Symplesoft Sdn Bhd ("Symplesoft")	Provision of information technology, shared services and e-commerce related services
Symplesoft eSolutions Sdn Bhd (subsidiary of Symplesoft)	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	Import and distribution of food ingredients

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 building exercise in 2004, it took its present name, CNI Holdings Berhad. August 2005, it went on to be listed on the Main Board of Bursa Malaysia.

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 shophouse 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.

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.

Over 200 products under 5 categories such as nutritional and health, personal care and cosmetics, food and beverage, auto care and lastly, household, are readily available to all CNI members for their everyday use.

The Group also expanded its business portfolio to include retail food and beverage which carries the brand name of *Pick n' Brew* and *The Otak-otak Place* under its two subsidiaries, Infuso and Regal Effect as well as trading under Lotus Supplies Sdn Bhd.

Symplesoft Sdn Bhd primarily deals in IT and e-commerce related services whereas its subsidiary Symplesoft eSolutions deals in providing software and e-commerce solutions.

Yayasan CNI, CNI group's charity arm, has supported various local and international charity projects besides carrying out its own especially its unique Children Education Fund.

The next years will focus on its corporate and product re-branding exercises as well as the continuous improvements on its services and processes. The constant upgrading and enhancement will steer CNI to be a more vibrant organization.

This year, CNI was recognised by the Ministry of Domestic Trade, Co-operatives and Consumerism with its Consumer-Friendly Company 2009 Award. TEKUN Nasional also acknowledged CNI as its Best Strategic Partner 2009.

Believing in its mission of being more than just a business, CNI with its Asian values blends the best of the East and the West to constantly deliver the highest quality experiences to help the lives of its staff, members, customers, partners and the greater society.

Stepping into its next 20 years, CNI's new vision to be a dynamic community where its shared experiences and mutual support are the building blocks towards a better life for all will be realized.



CNI Receives Consumer-Friendly Company Award

This award was conferred by the Ministry of Domestic Trade, Co-operatives and Consumerism to CNI in acknowledgement of CNI's people-centric principle embraced via its customer-friendly, uplifting products. The award was presented in conjunction with the celebration of the Malaysia Consumer Day in Kuantan on 24 July 2009.



CNI Receives TEKUN Nasional Best Strategic Partner Award

The TEKUN-CNI Entrepreneur Development Programme which has been running since 2008 has helped many aspiring bumiputera entrepreneurs to develop their CNI career. The prestigious "TEKUN Nasional Best Strategic Partner 2009 Award" was presented by TEKUN Nasional to CNI at Genting Highlands during CNI 20 Golden Years Celebration.



R&B
Ocean Phyt

Free 1 Million Up Café

8 January 2009

1 million Up Café TAGG Coffee sticks were given away throughout the year as a token of appreciation to all Malaysians for supporting CNI. The campaign was officiated by the Minister of Transport then, Y.B Dato' Sri Ong Tee Keat. The campaign was executed at public areas such as toll plazas of main highways, train and LRT stations and shopping malls throughout Malaysia.

Yayasan CNI Organises "CNI Single Parent Family Career Development Project"

31 May 2009

Almost one hundred single parents from West Malaysia attended the CNI Single Parent Family Career Development Project organised by Yayasan CNI. Yayasan CNI allocated RM50,000 for this project which included free membership and product vouchers.

**Caring Community Project (PKP) – ongoing since**

1 March 2009

This project is undertaken to enhance public awareness on healthy living and preventive action through healthy diet. CNI and distributors from across the country provide free basic lifestyle consultation for the public. This project has contributed to the community's wellbeing and quality of life.

Valued Customer Programme Launched

1 September 2009

"Valued Customer Programme" is an innovative way of targeting consumers at large. It is running in tandem with CNI's distributor membership programme.

symplesoft 
 eSolutions Sdn Bhd (857138 - D) Status Company
 www.symplesoft.com.my

MSC Status awarded

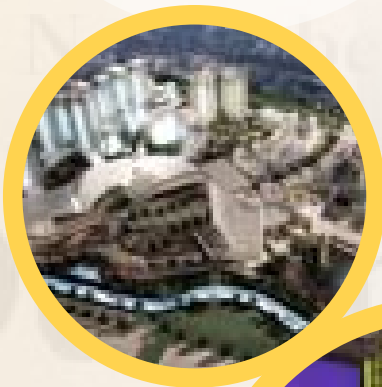
3 September 2009

Symplesoft eSolutions Sdn Bhd (IT e-business subsidiary) was awarded MSC Status from the Multimedia Development Corporation (MDec). The official opening of our MSC office in i-City Shah Alam is scheduled on 25th February 2010.

CNI Joins Vietnam International Trade Expo 2009

2 – 5 December 2009

Q-Pack, a wholly-owned subsidiary of CNI, participated in the Vietnam International Trade Expo 2009 held in Ho Chin Minh as part of its efforts to promote the OEM manufacturing services.



CNI 20 Golden Years Celebration

31 October - 3 November 2009

Over 7,000 distributors locally and abroad celebrated CNI's 20th anniversary in full grandeur for 4 days and 3 nights in Genting Highlands. The celebration reflected CNI's commitment to change and streamline a new direction for the next 20 years.

"Uplifting Lives" – A Corporate Rebranding Unfurls

1 November 2009

To position CNI strategically for the next 20 years, CNI has undertaken a corporate rebranding exercise. The CNI brand is interpreted through its new icon and slogan, "Uplifting Lives". It was unveiled during CNI's 20 Golden Years Convention.

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 2009.

The year 2009 has been a challenging year for the whole global economy as every country was still reeling from the financial meltdown and Malaysia was not spared as well.

The Group was affected and the result is as shown. Against this backdrop, the Group re-looked at its operations and made provisions accordingly.

The Management is optimistic that its long-term strategy including a new branding direction, sales channel transformation and diversification will sustain and strengthen the Group in the long run.

FINANCIAL PERFORMANCE

CNI Group recorded a consolidated turnover of RM158.5 million, which is a decline of 12% as compared to RM181.9 million in 2008. The decline in revenue was mainly due to adverse market conditions and the lower than expected sales of the direct selling business.

Our Group registered a profit before tax ('PBT') of RM10.15 million and after tax ('PAT') of RM6.55 million. In 2008, the Group posted a PBT of RM23.46 million and PAT of RM16.95 million. The impact on the Group profitability was because of the under performance of the marketing and trading segment especially the direct selling and manufacturing operations, obsolete stock being written-off, impairment loss on assets due to Headquarters renovations and written-off assets due to closure of Pick n' Brew 1Utama outlet.

DIVIDEND

A total gross interim dividend of 0.8 sen per share with a total amount of RM4.3 million (net of tax) was paid out to all the shareholders in respect of the financial year under review.

The previous year, the Group paid a total gross interim dividend of 1.8 sen per share with a total amount of RM9.7 million (net of tax).

OPERATIONAL REVIEW**Marketing & Trading**

Almost 90% of the Group's revenue is being contributed by the marketing and trading operations in Malaysia, Brunei and Singapore.

The main contributor is still the food and beverage category which commands 39% of the direct selling unit sales figure. The coffee range is still popular with products such as *CNI Tongkat Ali Coffee* and *CNI Café*. The relatively new *UP Suri Café* coffee which targeted the female gender was launched in March 2009. Next to be rolled out will be another coffee specialty product with green tea ingredient.

Consistent with the new branding strategy, CNI health and wellness products which contributed about 26% of the direct selling unit revenue will be progressively introduced under a new umbrella brand.

DiaLife, a new health supplement product of which its origins is based on the traditional Ayurvedic method gained much attention in the Indian market.



The Management is optimistic that its long-term strategy including a new branding direction, sales channel transformation and diversification will sustain and strengthen the Group in the long run.



Suffice to say, *Life Enzyme*, *Organik*, *Royal Jelly* and *Royal Jelly Vita C* are still the star items under the nutritional line.

Looking at the direct selling unit achievers, the total number of Top Group Sales Achievers or Million Diamond Agency Managers rose to 54 inclusive of 2 new ones. In year 2009, there were 16 new Car Fund Achievers and 2 new House Fund Achievers. As of December 2009, CNI has 62 distribution centres, 79 sales points and 5 branch retail outlets.

In pushing the existing market to be stronger, the direct selling business unit has invested heavily in its promotional on-ground activities and developed new branding strategies. Roadshows and community-based programmes such as the '*Projek Komuniti Penyayang*' which targeted small communities around the suburbs and rural areas were carried out to assist many to be more health-conscious and mindful of illnesses. Such programmes are part of the sales strategy to further strengthen the sales performance of the nutrition and wellness product category.

Concurrently, the business unit has set in motion its *Valued Customer* programme. This programme targets consumers only who would not want to get into the business. So far, the programme is progressing steadily.

In addition, a year-long corporate responsibility campaign was rolled out with the Road Safety Department called the *1 Million Up Café Giveaway* advocating road safety and to thank CNI customers by giving away 1 million Up Café TAGG coffee sticks to road users and the public at large, in conjunction with CNI's 20th anniversary.

Retrospectively, the Group celebrated its 20th anniversary gala and convention up in Genting Highlands from 30th October till 2nd November 2009. The unveiling of the new icon and the new tagline 'Uplifting Lives' created a new era of change and rejuvenation for loyal CNI members.



In tandem, the Group is in the midst of revising its business model or marketing plan for its direct selling business and it will be announced in 2010.

Moreover, the Group is investing in upgrading its headquarters to have an experience centre cum gallery whereby its members and the public can have a personal feel to the range of products which CNI is offering and the uplifting lifestyle which the direct selling unit represents.

New look and new sales distribution channels including the Retail Centre with a health store concept are in place with the first outlet in IOI Boulevard, Puchong called Liv UP.

These are part of the big picture in strengthening CNI brand and elevating its market position in the country, if not the region.

ICT & e-commerce

The information and communication technology sector which includes e-commerce is an area of vast potential and opportunities.

In centralizing its ICT resources and expansion of its e-commerce facilities, the Group is confident that its' two subsidiaries (Symplesoft and Symplesoft eSolutions) will provide not only the necessary support for the Group but also, generate returns by providing services and custom-made solutions to external parties in the near future, especially so for MSC-status Symplesoft eSolutions.

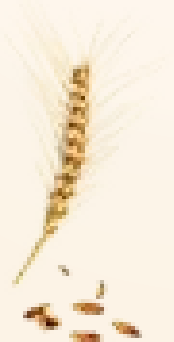
The Group is still positive on the growth potential and the relevance in reaching out to the younger generation and the need to continuously evolve according to the times.

Manufacturing

Due to the lower sales of the direct selling business, the manufacturing sector also was affected and its revenue dropped 16% as compared to last year.

Several initiatives are being looked at to increase the output level of the two factories including external contracts and supply trade.

Well3



Currently, Exclusive Mark is already exporting to other countries including Belgium, Italy, India, US, Philippines, Hong Kong and Taiwan. Also, a new coffee product called *Café 99* was introduced to the mass market and made available on shelves at various hypermarkets around the country.

The Group is committed in enhancing its spread and reducing its risks especially during difficult market conditions.

Retail – Food & Beverage

In line with CNI's strength in food and beverage and its R&D innovations, the Group has two food and beverage businesses under two brand names of *Pick n' Brew* and *Otak-Otak Place*.

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

To cut loss, *Pick n' Brew's* second outlet in 1Utama was closed. *Otak-Otak Place* instead opened another outlet in Tropicana City Mall besides its existing one in 1Utama.

Moving forward, the Group will constantly assess its development plans and strategies.

FUTURE DEVELOPMENT

The Group's focus will remain in streamlining its resources, increasing productivity and reducing risks throughout. Continuous check and balance on all business aspects while maintaining the highest efficacy has been on the top of the list.

The Management is constantly looking at new ways and methods to improve its direct selling business which still has a lot of room to grow. Newly improved channels of sales such as the upcoming eSP concept which maximizes efficiency and mobility for Sales Point operators will be implemented gradually.



Expansion for the direct selling business will be more aggressive in 2010 as more retail outlets will be introduced around community-based commerce areas such as the likes of IOI Boulevard, Puchong. Suburbs around Klang Valley and major cities around the country will be targeted as the main potential catchment especially for CNI's consumerism second-tiered market segments.

The manufacturing unit expects its export and external contracts to increase next year as orders from Australia, China, Nepal and Nigeria are expected to be finalized. Subsequently, its manufacturing capacity will also be optimized.

As for its trading business, the Group is fully assured that its growth will be consistent and steady. Besides, ensuring better pricing to support the Group, the business unit will grow its services to be a full-fledge trading supplier to include external servicing.

Improving service standards and breaking into new markets as well as safeguarding margins appropriately will sustain CNI and uphold its brand name in the future.

The need to remain cautious and vigilant is still the priority and the management acknowledges this.

The prospect for CNI is still encouraging and upbeat. Our beliefs in our people and our rudiments are strong and that we will be able to overcome much looking forward.

ACKNOWLEDGEMENT

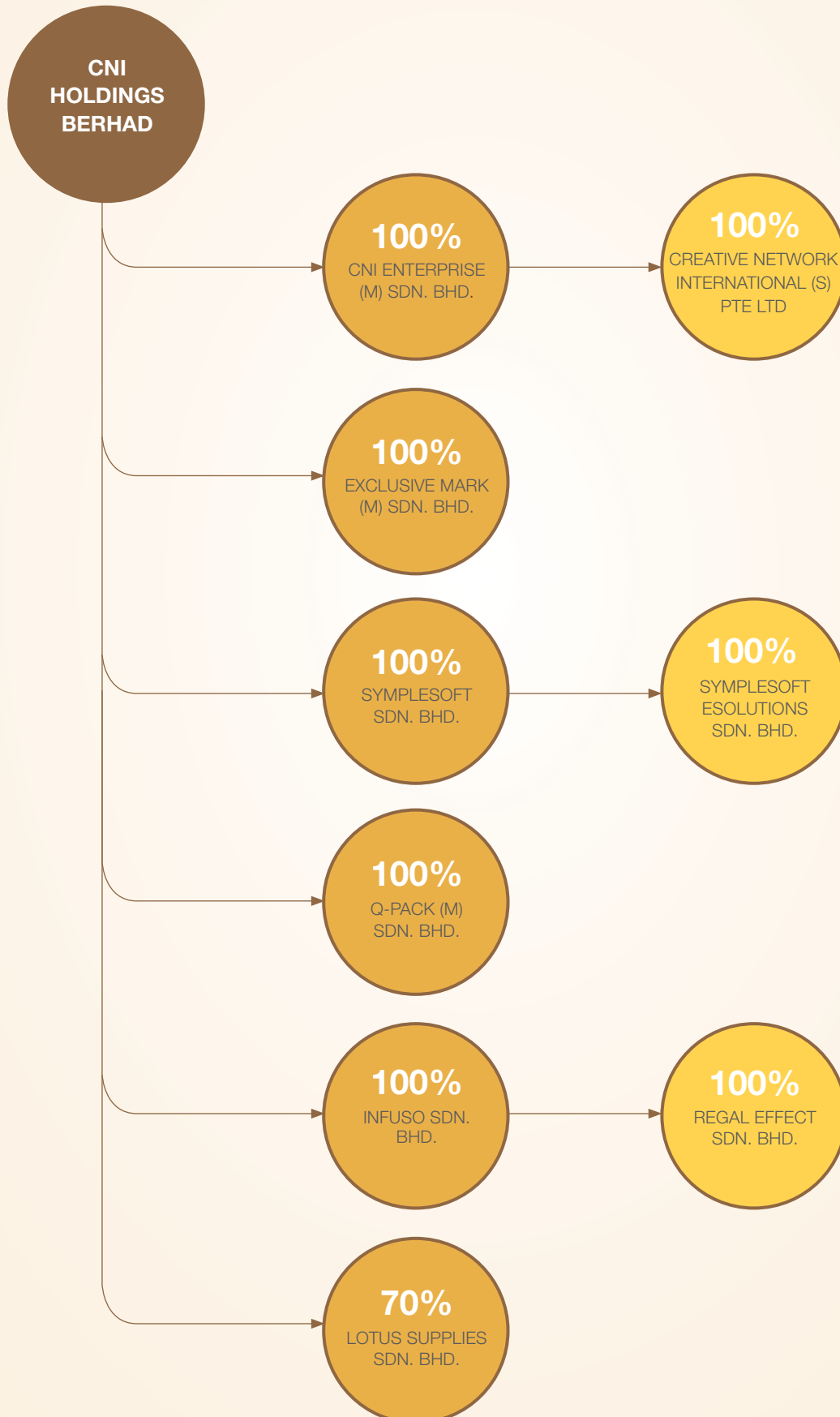
I would like to express my sincere thanks to the management team, employees, distributors and all our stakeholders for their steadfast efforts and commitment to the Group.

Also, my appreciation to my colleagues on the Board for their participation, inputs and support provided throughout the year.

Dato' Koh Peng Chor

Group Executive Chairman and CEO

Date : 10 May 2010



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

Aggie Chew Poh Lian
Independent Non-Executive Director

Lim Lean Eng
Independent Non-Executive Director

Dr. Ch'ng Huck Khoon
Independent Non-Executive Director
(Appointed w.e.f. 1 March 2010)

AUDIT COMMITTEE

Dr. Ch'ng Huck Khoon (Chairman)
(Appointed w.e.f. 1 March 2010)

Zulkifli Bin Mohamad Razali

Lim Lean Eng

Aggie Chew Poh Lian
(Appointed w.e.f. 25 February 2010)

NOMINATION COMMITTEE

Zulkifli Bin Mohamad Razali
(Chairman)

Aggie Chew Poh Lian

Lim Lean Eng

Dr. Ch'ng Huck Khoon
(Appointed w.e.f. 1 March 2010)

REMUNERATION COMMITTEE

Dato' Koh Peng Chor
(Chairman)

Chew Boon Swee

Aggie Chew Poh Lian

Zulkifli Bin Mohamad Razali

Dr. Ch'ng Huck Khoon
(Appointed w.e.f. 1 March 2010)

COMPANY SECRETARY

Chin Yoke Kwai (MAICSA 7032000)

AUDITORS

Messrs Moore Stephens AC
Chartered Accountants
A-37-1, Level 37
Menara UOA Bangsar
No.5, Jalan Bangsar Utama 1
59000 Kuala Lumpur
Tel: 03-2302 1888
Fax: 03-2302 1999

**REGISTERED OFFICE &
PRINCIPAL PLACE OF BUSINESS**

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40000 Shah Alam
Selangor Darul Ehsan
Tel: 03-5569 4000
Fax: 03-5569 1078
E-mail: info@cniholdings.com.my
Website: www.cniholdings.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
Fax: 03-7841 8008

PRINCIPAL BANKERS

Malayan Banking Berhad
(Shah Alam Branch)

SOLICITORS

Messrs Ong & Kok

STOCK EXCHANGE LISTING

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

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

Dato' Koh Peng Chor, a Malaysian, aged 58, 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 who is a major shareholder of the Company. 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 five Board meetings which were held during the financial year ended 31 December 2009.

TAN SIA SWEE
Executive Director

Tan Sia Swee, a Malaysian, aged 50, 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. 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 five Board meetings which were held during the financial year ended 31 December 2009.

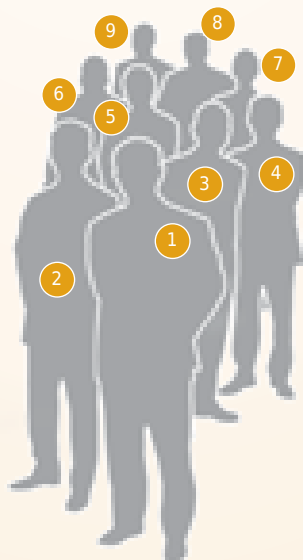
LAW YANG KET
Executive Director

Law Yang Ket, a Malaysian, aged 50, 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 all the five Board meetings which were held during the financial year ended 31 December 2009.



1. DATO' KOH PENG CHOR
2. TAN SIA SWEE
3. LAW YANG KET
4. CHEONG CHIN TAI
5. CHEW BOON SWEE
6. ZULKIFLI BIN MOHAMAD RAZALI
7. AGGIE CHEW POH LIAN
8. LIM LEAN ENG
9. DR. CH'NG HUCK KHOON



CHEONG CHIN TAI**Executive Director**

Cheong Chin Tai, a Malaysian, aged 48, 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 and obtained his Master 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 five Board meetings which were held during the financial year ended 31 December 2009.

CHEW BOON SWEE**Executive Director**

Chew Boon Swee, a Malaysian, aged 50, 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 all the five Board meetings which were held during the financial year ended 31 December 2009.

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

Zulkifli Bin Mohamad Razali, a Malaysian, aged 50, was appointed to the Board 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 five Board meetings which were held during the financial year ended 31 December 2009.

AGGIE CHEW POH LIAN

Independent Non-Executive Director

Aggie Chew Poh Lian, a Malaysian, aged 44. She was appointed to the Board of CNI on 3 May 2005. She also serves as a member of the Remuneration Committee, Nomination Committee and Audit 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 practised law for 4 years before joining the Securities Commission. Between 1998 to 2000, she was Senior Vice President in the Listing Department of the Malaysian Exchange of Securities Dealings and Automated Quotations Berhad ("MESDAQ").

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 five Board meetings which were held during the financial year ended 31 December 2009.

LIM LEAN ENG

Independent Non-Executive Director

Lim Lean Eng, a Malaysian, aged 43. He was appointed to the Board of CNI on 16 November 2007. He also serves as a member of Audit Committee and Nomination Committee.

He graduated with a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur in 1991. He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. In 1995, he joined Oriental Capital Assurance Berhad and then was appointed as a Manager, Accounts & Finance until June 2005. He 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 five Board meetings which were held during the financial year ended 31 December 2009.

DR. CH'NG HUCK KHOON

Independent Non-Executive Director

Dr. Ch'ng Huck Khoon, a Malaysian, aged 41, was appointed to the Board of CNI on 1 March 2010. He also serves as the Chairman of Audit Committee and is a member of the Remuneration Committee and Nomination Committee.

He received the Honorary Doctor of Philosophy in Finance by Universiti Sains Malaysia in 2001. He graduated with a Master of Business Administration (Finance) from University of Stirling, United Kingdom in 1994. He obtained his Diploma in Commerce, Business Management from Tunku Abdul Rahman College, Kuala Lumpur in 1993. He is an Associate Member of the Institute of Chartered Secretaries and Administrators. He is an Independent Non-Executive Director and Chairman of the Audit Committee of Mobif Berhad since September 2009. He is currently an Assistant Professor at Universiti Tunku Abdul Rahman .

Dr. Ch'ng Huck Khoon 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.

Dr. Ch'ng Huck Khoon has not attended any Board meetings which were held during the financial year ended 31 December 2009 since his appointment date was after the financial year under review.

INTRODUCTION

The Board of Directors ("Board") of CNI Holdings Berhad recognises the importance and commits to the Principles and Best Practices of the Malaysian Code on Corporate Governance ("Code") pursuant to Paragraph 15.25 of the Main Market 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 judgement 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 Main Market Listing Requirements of Bursa Securities in respect of the board composition.

Effective from 1 March 2010, Thiang Kai Goh has resigned as an Independent Non-Executive Director from the Board. The Company has appointed a new Independent Non-Executive Director, Dr. Ch'ng Huck Khoon to the Board effective thereon.

With the new appointment and composition, the Board consists of five (5) Executive Directors and four (4) Independent Non-Executive Directors.

A brief profile of each Director of the new composition of the Board is presented on pages 16 to 19 of this Annual Report.

In his capacity as Executive Chairman & Chief Executive Officer (CEO), Dato' Koh Peng Chor acts as both the Group Executive Chairman & CEO of the Company. 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 Main Market 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 judgement.

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 five (5) 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 and the Group's business or on their financial position.

The Chairman of the Board Committees would inform the Directors at Board meetings, matters and recommendations which the Board 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 number of Board meetings held during the financial year ended 31 December 2009. Every member of the Board attended all the 5 Board meetings held in 2009.

The Board meetings held in the financial year ended 31 December 2009 and the attendance by each Director during the financial year is as follows:

Date of Board Meeting	Attendance by Directors			Percentage of Attendance
	Total Number	Executive	Independent Non-Executive	
26 February 2009	9	5	4	100%
28 May 2009	9	5	4	100%
26 August 2009	9	5	4	100%
26 November 2009	9	5	4	100%
23 December 2009	9	5	4	100%

d) Supply of and Access to 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. In addition, the Board may further seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated.

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") provides 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) Board Performance Evaluation

The Board has entrusted the Nomination Committee with the responsibility for carrying out an annual Key Performance Indicators (KPI) performance review on the Company and its subsidiaries ("the Group")'s Directors. In 2009, the Company Secretary assisted the Board in coordinating the KPI performance review internally which comprises Executive Directors' self assessment and one-by-one assessment by the Nomination Committee and Non-Executive Directors' self assessment.

Executive Directors' performance evaluation were intended to evaluate individual Executive Director's KPI in the areas of corporate strategic plans, achievement of key corporate objectives, human resources, risks management and internal control system. However, Non-Executive Directors' evaluation were conducted to ascertain the ability of each Non-Executive Director to give material input at meetings and demonstrate high level of professionalism and integrity in decision making process.

The Company Secretary collates the feedback and summarises the findings with assurance of anonymity as part of the governance review process. The Nomination Committee analyses the KPI performance review results and recommends to the Board action plan for improvement on the areas identified in the review. Each Director is provided with individual results together with Nomination Committee average rating on each area of assessment for personal development.

In addition, the Board through the Board Committee effectiveness assessment examined the Audit Committee as to whether their functions and duties are effectively discharged in accordance with the terms of reference.

g) 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 Directors have attended and completed the Mandatory Accreditation Programme ("MAP") as required by the Bursa Securities.

Details of trainings attended by Directors during the year 2009 are as follows:

Course Title	Date	No. of Hours / Days spent
CNI Corporate Branding	19 – 20 March 2009	2 Days
Sensitive Leadership - The Ultimate Power of Change	27 April 2009	1 Day
Managing Corporations During Times of Financial Turbulence - The Way Forward	20 – 21 May 2009	2 Days
Special Executive Master Class with Philip Kotler, the father of Modern Marketing	29 May 2009	½ Day
5th Asia Pacific Audit & Governance Summit 2009	2 – 3 June 2009	2 Days
6th Brandfest - The 6th Superlative Annual Brand Marketing Conference	27 – 28 July 2009	2 Days
Economic Outlook : Responding to Challenges Ahead	23 December 2009	½ Day

The Board, in recognition of the importance of Directors being kept abreast of industry developments and trends, has adopted a policy requiring each Director to attend a minimum of one (1) in-house training session in each year.

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 in compliance with paragraph 15.08 of the Main Market Listing Requirements of Bursa Securities.

h) Board and Management Committees

The Board of Directors has established Board Committees as well as various Management Committees to assist the Board in carrying out its responsibilities. 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 is 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 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	Investment Committee
DATO' KOH PENG CHOR Group Executive Chairman & CEO		1/1		12/13		0/0		4/4
TAN SIA SWEE Executive Director				13/13		0/0	1/1	3/4
LAW YANG KET Executive Director				12/13		0/0		4/4
CHEONG CHIN TAI Executive Director				13/13	4/4	0/0	1/1	4/4
CHEW BOON SWEE Executive Director		1/1		12/13		0/0	1/1	4/4
ZULKIFLI BIN MOHAMAD RAZALI Independent Non-Executive Director	9/9	1/1	1/1					
THIANG KAI GOH Independent Non-Executive Director	9/9	1/1	1/1					
AGGIE CHEW POH LIAN Independent Non-Executive Director		1/1	1/1					
LIM LEAN ENG Independent Non-Executive Director	9/9		1/1					
WONG SIEW FONG Executive Director of CNIE				12/13				
KOH TIAH SIEW Executive Director of Exclusive Mark & Q-Pack				13/13	4/4			
CHEONG CHEE KEE Executive Director of Q-Pack				13/13	4/4			
CHAN KOK LIANG Executive Director of CNIE & CNIS				13/13	1/4			
KOH TENG KIAT Executive Director of CNIS				13/13 ⁽¹⁾				
ONG CHUN ENG Executive Director of Symplesoft & Vice President of Human Resource				13/13	3/4	0/0		
KOH HOW LOON Executive Director of CNIE, Symplesoft, Infuso & Regal Effect				13/13	3/4 ⁽¹⁾			
CHONG NYOK HON Senior Manager, Finance & Accounts of CNIE					1/1 ⁽²⁾		0/1	
KEN NG WAI KEN Product Marketing Manager of CNIS					4/4 ⁽³⁾			
IVAN WONG THIM FATT Senior Manager, Finance & Accounts of CNIE					3/3 ⁽⁴⁾			
TEOH KIM YEN Manager, Corporate Communication							1/1	
CHIN YOKE KWAI Company Secretary							1/1	
Total number of meetings for 2009	9	1	1	13	4	0	1	4
	Chairman		Member					

Notes:

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

(2) Ceased as a member in May 2009

(3) Appointed as a member in February 2009

(4) Appointed and ceased as a member in May 2009 and December 2009 respectively

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 2009 are as follows:

	Executive Directors	Non-Executive Directors
	RM	RM
Fees	184,000	144,000
Salaries	5,230,263	-
Benefits in kind	70,011	-
Retirement benefits	1,085,744	-
Allowances	-	38,500
Total	6,570,018	182,500

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

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM0 to RM50,000	-	4
RM900,001 to RM950,000	1	-
RM950,001 to RM1,000,000	1	-
RM1,400,001 to RM1,450,000	2	-
RM1,800,001 to RM1,850,000	1	-

The Board has considered disclosure details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the "range disclosure" as required by the Main Market Listing Requirements of Bursa Securities.

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 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 Securities 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 27 April 2010.

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 through its Enterprise Risk Management Framework.

Enterprise Risk Management ("ERM") Framework

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

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



GROUP'S RISK MANAGEMENT SYSTEM

In addition, the Group'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") which work closely with Quality Management System ("QMS") Team for 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 business, operational, financial and compliance risks.
3. To identify and quantify all risks affecting the Group and ensure 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. Assist in embed a risk management culture into all major decisions, through risk education, controls and procedures.
6. Compile and submit reports highlighting key issues for RMC awareness when necessary.
7. Compile CNI's Key Risk Profile in accordance with the Risk Management guide 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:-

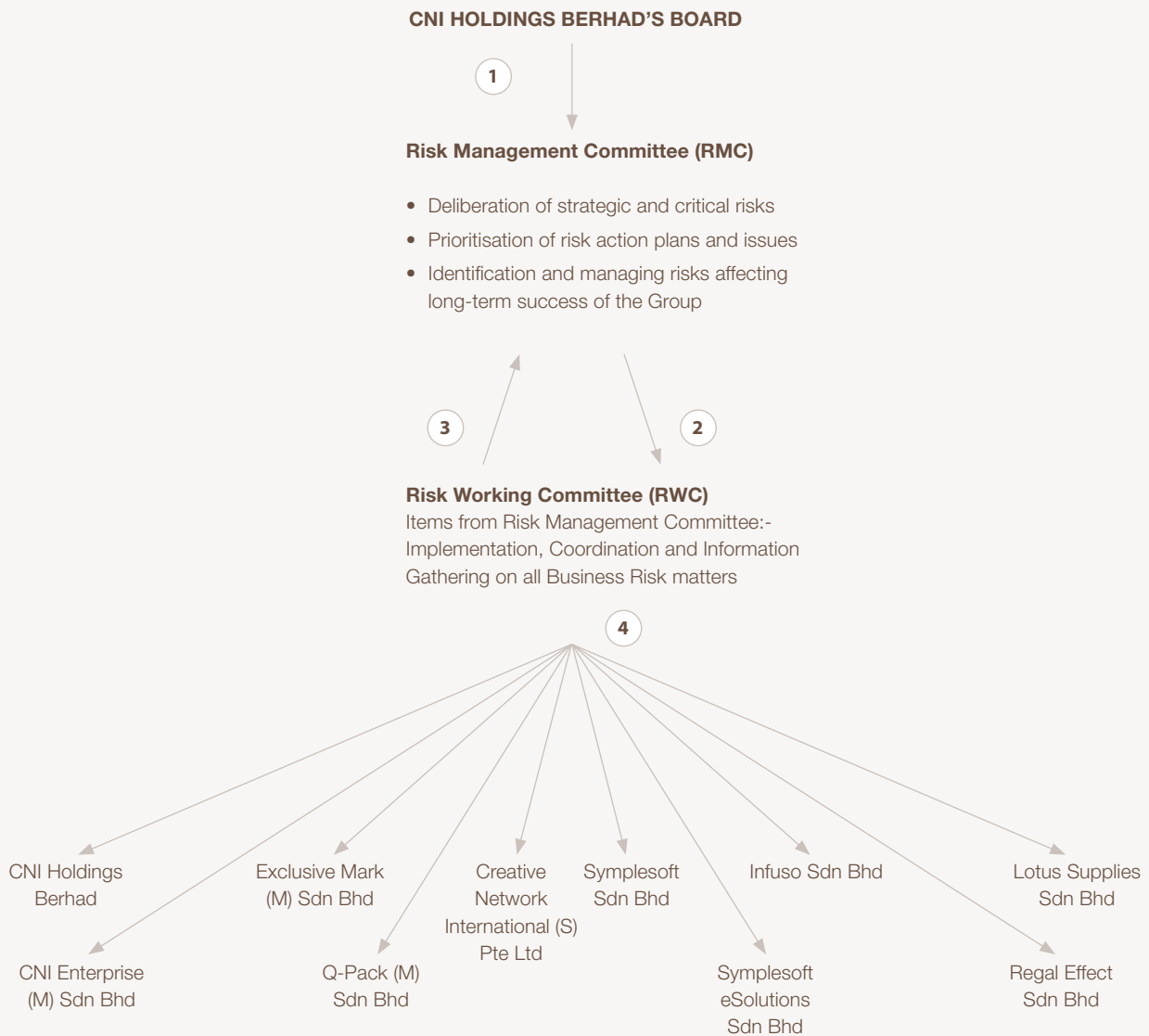
1. Strategic, which are risks that affect the overall direction of the business.
2. Operational, which are risks that impact the delivery of the Group's products and services.
3. Financial, which are risks associated with financial processes and reporting.
4. Compliance, which are risks related to non-compliance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

During the year, the key risks and its corresponding controls which were tabled in RMC meeting were reviewed by the Audit Committee for availability of adequate preventive measure undertaken by the management.

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 suggested for implementation.

RISK MANAGEMENT GOVERNANCE AND COMMITTEE STRUCTURE

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

**Explanation**

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

Monitoring Mechanisms and Management Style

Under the purview of the Group's Executive Chairman & 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 Main Market Listing Requirements of Bursa Securities.

Other Key Elements of Internal Control

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

1. Clear definition on duties and responsibilities of the Board and Management committees.
2. Availability of organisation structure which defines the line of reporting for all level of operations.
3. Policy guidelines, procedures and authority limits are established for management within the Group in respect of day-to-day functions and operations.
4. 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.
5. 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.
6. Regular and comprehensive information extended 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 in Executive Management Committee Meeting.
8. Availability of strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations.
9. 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.
10. Employees are brief on Code of Ethics during induction. They are required to sign and adhere to the Code of Ethics, which upholds the Group's corporate values and ethical code of conduct.
11. The Employee's 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.
12. 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.

13. 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.
14. 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.
15. 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 2009 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 27 April 2010.

MEMBERSHIP & MEETINGS

The Audit Committee held nine (9) meetings during the financial year ended 31 December 2009. The attendance of each member of the Audit Committee is as follows:

Members	Attendance
Thiang Kai Goh Chairman/Independent Non-Executive Director (Resigned w.e.f. 1 March 2010)	9/9
Zulkifli Bin Mohamad Razali Member/Independent Non-Executive Director	9/9
Lim Lean Eng Member/Independent Non-Executive Director	9/9

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 & Accounting 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 26 November 2009, to comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Malaysian Code on Corporate Governance.

1. Memberships

The Committee was appointed by the Board from amongst its Directors and it consists of three (3) members where all are Independent Non-Executive Directors.

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 First 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 First Schedule of the Accountants Act 1967; or
- c) fulfils such other requirements as prescribed or approved by Bursa Securities.

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.

All members of the Audit Committee are financially literate.

The members of the Audit Committee are to elect a Chairman from among them who is an Independent Non-Executive Director.

Effective from 25 February 2010, the Board has appointed a new member, Aggie Chew Poh Lian to the Audit Committee.

The Company has appointed a new Independent Non-Executive Director, Dr. Ch'ng Huck Khoon to the Board and the Audit Committee as Chairman of the Audit Committee effective from 1 March 2010. However, Thiang Kai Goh has resigned as an Independent Non-Executive Director from the Board and Chairman of the Audit Committee.

With the new appointments and composition, the Audit Committee consists of four (4) Independent Non-Executive Directors. One of the members, Lim Lean Eng is a member of ACCA, an association of Accountants. This meets the requirement of Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires at least one qualified accountant as a member of the Audit Committee.

2. Meetings

The Audit Committee shall meet at least four (4) times in a year although additional meetings maybe called at any time, at the discretion of the Chairman. The Audit Committee met nine (9) times in year 2009.

Head of Finance & Accounting department, Head of Internal Audit department and/or 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 who are sufficient to form a quorum is 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 person(s) carrying out the internal audit function or activity;
- e) obtain independent professional or other advice if it considers necessary; and
- f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Group or the Company, whenever deemed necessary.

4. Duties and Responsibilities

The duties and responsibilities of Audit Committee include:-

- a) To review with the External Auditors: -
 - i) the audit plan;
 - ii) the evaluation of the system of internal controls;
 - iii) the audit report together with the financial statements for the financial year/period, management letter and management response.
- b) To consider and recommend the appointment, resignation and/or dismissal of the External Auditors.

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

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 Securities.
2. Reviewed with the External Auditors the audited financial statements 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 Company has co-sourced its internal audit function to an external third party who acts as Internal Auditors for the Company and the Group.

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 and Internal Auditors (third party) 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 and Internal Auditors (third party) were deliberated during the Audit Committee meetings and recommendations from the reports were duly acted upon by the Management. The Internal Audit Department and Internal Auditors (third party) have also performed quarterly follow-up reviews on the status of rectification with regards to significant audit issues and has updated the Audit Committee on the current status by quarterly basis.

The total costs incurred for the internal audit function of the Group for 2009 is RM229,476.60

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

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

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

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

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

Environment, Health & Safety (EHS)

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

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

Our Environmental Management System (EMS) 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) further enhanced our efforts to provide a safe and healthy environment to all our employees.

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

- Product quality and safety.
- Work health hazards and prevention.
- Waste minimization and recycling.
- Pollution control and solution.

CNI Sports & Recreational Club

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

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

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

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.
- initiating China Aid Programme whereby 1% of the Group's profit for the month and donating to the victims of Hua Dong flood tragedy.
- collecting clothes for the impoverished in Bosnia, Cambodia and Vietnam.
- initiating the Wishing Tree Programme in fulfilling the wishes of 122 disabled personnel.

Philanthropy Activities

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

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

Community Programmes

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

- Pesta TangLung Cintai Malaysia.
- Konsert Harmoni KeranaMu Malaysia.
- Road Safety Campaign by giving out 50,000 booklets on road safety.
- 2002 World Lion & Dragon Dance Championship.
- Yellow River Choir.
- The Legend of Liu San Jie Musical.
- Pentas Amal Cintai Malaysia which attracted over 10,000 attendees from all races.
- Yu Dan Cultural Talk and Seminar for the public at large.
- Tuan Kang Team Spirit Motivational Camp.
- 1 Million UP Café Giveaway, a joint effort with the Road Safety Department advocating road safety and in conjunction with the Group's 20th anniversary, as a 'thank you' gesture to all CNI customers and road users by serving hot coffee and giving away 1 million TAGG coffee sticks at selected toll plazas and public areas.

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 the 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 2009.

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 for the year	6,548,126	11,120,244
Attributable to :		
Equity holders of the Company	6,484,540	11,120,244
Minority interests	63,586	-
	6,548,126	11,120,244

DIVIDEND

During the year, the Company paid an interim dividend of RM0.018 per share less 25% tax based on 717,533,200 ordinary shares amounting to RM9,686,698 in respect of the previous financial year ended 31 December 2008 as reported in the Directors' Report of that year.

Subsequent to the financial year end, the Company declared an interim dividend of RM0.008 per share less 25% tax based on 717,070,800 ordinary shares amounting to RM4,302,425 paid on 8 April 2010 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 no provision had been made for doubtful debts.

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

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 including 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 455,400 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 shares repurchased 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 2009	13,000	0.220	0.220	0.220	2,904
June 2009	213,300	0.280	0.290	0.285	61,642
July 2009	224,100	0.265	0.275	0.270	60,936
August 2009	5,000	0.240	0.245	0.243	1,249
	<u>455,400</u>				<u>126,731</u>

Further relevant details of the treasury shares are disclosed in Note 20(c) 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
 AGGIE CHEW POH LIAN
 LIM LEAN ENG
 DR. CH'NG HUCK KHOON
 THIANG KAI GOH

(Appointed on 1 March 2010)

(Resigned on 1 March 2010)

DIRECTORS OF THE COMPANY (cont'd)

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 1.1.09	Bought	Sold	At 31.12.09
Direct Interest				
Dato' Koh Peng Chor	2,490,240	-	-	2,490,240
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	-	(905,600)	1,083,360
Indirect Interest				
Dato' Koh Peng Chor *	373,190,643	84,800	-	373,275,443
Tan Sia Swee **	25,933,380	-	-	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 1.1.09	Bought	Sold	At 31.12.09
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 Dato' Koh Peng Chor's deemed interests in the shares of the Company under Section 6A of the Companies Act 1965, Dato' Koh Peng Chor is deemed to have interests in the shares of the subsidiary companies to the extent that the Company has an interest.

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 38 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 EVENT

Significant event arising during the financial year is 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 2010.



DATO' KOH PENG CHOR



TAN SIA SWEE

CNI HOLDINGS BERHAD

(Incorporated in Malaysia)

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 9 to 75 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 2009 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 2010.



DATO' KOH PENG CHOR



TAN SIA SWEE

STATUTORY DECLARATION

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

I, Loo Yee Wei, 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 9 to 75 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 2010



LOO YEE WEI

Before me



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 2009 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 9 to 75.

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 2009 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
AF 001826

Kuala Lumpur
28 April 2010



CHONG KWONG CHIN
707/04/12 (J/PH)
Partner

Consolidated Balance Sheet

As At 31 December 2009

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	46,944,145	51,703,110
Capital work-in-progress	5	1	1
Investment properties	6	9,113,000	9,043,000
Investments	8	500,000	-
Goodwill	9	98,140	98,140
Other intangible assets	10	2,695,365	24,793
Other receivables, deposits and prepayments	11	88,846	198,616
Deferred tax assets	12	3,221,912	2,480,831
		62,661,409	63,548,491
Current assets			
Inventories	13	20,414,860	27,688,979
Trade receivables	14	9,979,912	8,080,079
Other receivables, deposits and prepayments	11	3,932,129	4,595,667
Investments	8	2,081,883	31,317
Tax assets	16	1,106,362	1,647,145
Cash deposits with licensed banks	17	34,226,767	38,941,451
Cash and bank balances	18	6,609,324	4,986,924
		78,351,237	85,971,562
TOTAL ASSETS		141,012,646	149,520,053

As At 31 December 2009 (cont'd)

	Note	2009 RM	2008 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	9	72,000,000	72,000,000
Reserves	20	35,954,642	39,271,891
		107,954,642	111,271,891
Minority interest		201,320	137,734
Total Equity		108,155,962	111,409,625
Liabilities			
Non-current liabilities			
Hire purchase payables	21	2,282	7,304
Term loan	22	113,712	144,208
Retirement benefits	23	14,996,842	13,911,099
Deferred tax liabilities	12	2,456,900	1,729,100
		17,569,736	15,791,711
Current liabilities			
Trade payables	24	1,879,423	4,429,359
Other payables, deposits and accruals	25	12,803,517	15,695,752
Provision for employees benefits	26	249,577	467,477
Bank overdraft	27	150,748	-
Hire purchase payables	21	5,020	6,358
Term loan	22	26,763	21,366
Taxation		171,900	1,698,405
		15,286,948	22,318,717
Total Liabilities		32,856,684	38,110,428
TOTAL EQUITY AND LIABILITIES		141,012,646	149,520,053

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 2009

	Note	2009 RM	2008 RM
Operating revenue	28	158,512,278	181,886,164
Direct operating costs	29	(59,314,521)	(63,136,935)
Gross profit		99,197,757	118,749,229
Other operating revenue		2,747,810	3,882,238
Administrative costs		(26,088,111)	(27,239,042)
Other operating costs		(3,382,421)	(1,813,148)
Distribution costs		(61,359,819)	(68,998,038)
		(90,830,351)	(98,050,228)
Profit from operations		11,115,216	24,581,239
Finance costs		(964,888)	(1,123,500)
Profit before taxation	30	10,150,328	23,457,739
Taxation	31	(3,602,202)	(6,508,773)
Profit for the year		6,548,126	16,948,966
Attributable to:-			
Equity holders of the Company		6,484,540	16,961,232
Minority interest		63,586	(12,266)
		6,548,126	16,948,966
Earnings per share attributable to equity holders of the Company			
Earnings per share (sen)	32	0.90	2.36

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

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2009

	← Non-Distributable →			Distributable		Minority Interest	Total Equity
	Share Capital	Treasury Shares	Translation Reserve	Retained Earnings	Total		
	RM	RM	RM	RM	RM		
At 1.1.08	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
Foreign exchange translation differences	-	-	11,640	-	11,640	-	11,640
Profit for the year	-	-	-	6,484,540	6,484,540	63,586	6,548,126
Total income recognised for the year	-	-	11,640	6,484,540	6,496,180	63,586	6,559,766
Purchase of treasury shares (note 20)	-	(126,731)	-	-	(126,731)	-	(126,731)
Dividends (note 33)	-	-	-	(9,686,698)	(9,686,698)	-	(9,686,698)
At 31.12.09	72,000,000	(1,112,524)	6,246	37,060,920	107,954,642	201,320	108,155,962

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

52 Consolidated Cash Flow Statement

For The Year Ended 31 December 2009

	Note	2009 RM	2008 RM
Cash Flows from Operating Activities			
Profit before taxation		10,150,328	23,457,739
Adjustments for:-			
Bad debts written off		66,916	5,512
Amortisation of other intangible assets		276,375	2,876
Change in fair value of investment properties		(70,000)	41,668
Depreciation of property, plant and equipment		4,169,343	4,396,318
Unrealised gain on foreign exchange		(187,831)	(26,453)
Loss on disposal of investments		-	449,897
Loss on disposal of property, plant and equipment		16,501	36,455
Property, plant and equipment written off		658,108	72,351
Inventories written off		1,844,389	356,059
Inventories written down		-	356,286
Impairment loss on property, plant and equipment		269,236	-
Retirement benefits expense		1,085,743	1,233,216
Provision for employee benefits		249,577	464,336
Interest expenses		188,898	26,469
Investment income		(50,557)	(419,439)
Interest revenue		(670,185)	(694,773)
Operating profit before working capital changes		17,996,841	29,758,517
Decrease/(Increase) in inventories		5,429,730	(5,873,147)
Increase in receivables		(1,778,918)	(2,258,152)
Decrease in payables		(5,085,783)	(1,402,396)
Cash generated from operations		16,561,870	20,224,822
Interest expenses		(188,898)	(26,469)
Interest revenue		670,185	694,773
Tax refund		-	80,962
Tax paid		(4,601,205)	(5,653,665)
Net cash generated from operating activities carried down		12,441,952	15,320,423

For The Year Ended 31 December 2009 (cont'd)

	Note	2009 RM	2008 RM
Net cash generated from operating activities brought down		12,441,952	15,320,423
Cash Flows from Investing Activities			
Acquisition of subsidiary company, net of cash acquired	34	-	(9,812)
Purchase of investments		(2,550,566)	(17,300,000)
Purchase of property, plant and equipment		(2,729,450)	(3,066,856)
Purchase of intangible assets		(923,533)	(1,870)
Purchase of investment property		-	(1,299,668)
Proceeds from disposal of investments		-	23,381,595
Proceeds from disposal of property, plant and equipment		357,495	143,971
Proceeds from disposal of investment property		-	2,150,000
Net cash (used in)/generated from investing activities		(5,846,054)	3,997,360
Cash Flows from Financing Activities			
Repayment of term loans		(25,099)	(20,723)
Purchase of treasury shares		(126,731)	(221,763)
Repayment of hire purchase liabilities		(6,360)	(5,686)
Dividend paid		(9,686,698)	(6,376,679)
Net cash used in financing activities		(9,844,888)	(6,624,851)
Effect of exchange rate changes		5,958	(51,097)
Net (decrease)/increase in cash and cash equivalents		(3,243,032)	12,641,835
Cash and cash equivalents at beginning of the year		43,928,375	31,286,540
Cash and cash equivalents at end of the year	35	40,685,343	43,928,375

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

Balance Sheet

As At 31 December 2009

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	470,594	824,112
Investment properties	6	9,113,000	9,043,000
Investment in subsidiary companies	7	92,259,798	58,534,405
Other intangible assets	10	18,456	-
Deferred tax assets	12	874,700	544,000
		102,736,548	68,945,517
Current assets			
Trade receivables	14	36,452	31,373
Other receivables, deposits and prepayments	11	161,700	147,058
Amount owing by subsidiary companies	15	13,970,373	12,698,299
Tax assets	16	348,395	428,889
Cash deposits with licensed banks	17	6,500,000	10,012,582
Cash and bank balances		333,804	361,242
		21,350,724	23,679,443
TOTAL ASSETS		124,087,272	92,624,960

Balance Sheet

As At 31 December 2009 (cont'd)

	Note	2009 RM	2008 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	19	72,000,000	72,000,000
Reserves	20	43,349,675	9,317,467
Total Equity		115,349,675	81,317,467
Liabilities			
Non-current liabilities			
Retirement benefits	23	8,356,975	10,555,512
Current liabilities			
Other payables, deposits and accruals	25	344,007	540,325
Provision for employees benefits	26	36,615	211,656
		380,622	751,981
Total Liabilities		8,737,597	11,307,493
TOTAL EQUITY AND LIABILITIES		124,087,272	92,624,960

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 2009

	Note	2009 RM	2008 RM
Operating revenue	28	20,048,174	8,717,722
Direct operating costs	29	(98,593)	(138,571)
Gross profit		19,949,581	8,579,151
Other operating revenue		473,627	499,854
Administrative costs		(5,745,100)	(8,656,553)
Other operating costs		(147,196)	(260,758)
		(5,892,296)	(8,917,311)
Profit from operations		14,530,912	161,694
Finance costs		(5,778)	(5,833)
Profit before taxation	30	14,525,134	155,861
Taxation	31	(3,404,890)	(297,072)
Profit/(Loss) for the year		11,120,244	(141,211)

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

Statement of Changes in Equity

For The Year Ended 31 December 2009

	← Non-Distributable →			Distributable	Total Equity RM
	Share Capital RM	Treasury Shares RM	Revaluation Reserve RM	Retained Earnings RM	
At 1.1.08	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)
Dividend (note 33)	-	-	-	(6,376,679)	(6,376,679)
At 31.12.08	72,000,000	(985,793)	-	10,303,260	81,317,467
Purchase of treasury shares (note 20)	-	(126,731)	-	-	(126,731)
Investment in subsidiary companies	-	-	32,725,393	-	32,725,393
Profit for the year	-	-	-	11,120,244	11,120,244
Dividend (note 33)	-	-	-	(9,686,698)	(9,686,698)
At 31.12.09	72,000,000	(1,112,524)	32,725,393	11,736,806	115,349,675

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 2009

	Note	2009 RM	2008 RM
Cash Flows from Operating Activities			
Profit before taxation		14,525,134	155,861
Adjustments for:			
Dividend revenue		(13,001,309)	-
Depreciation of property, plant and equipment		72,758	103,313
Change in fair value of investment properties		(70,000)	41,668
Retirement benefits expense		448,465	969,489
Retirement benefits transferred to subsidiary company		(2,647,002)	-
Loss on foreign exchange - unrealised		-	4,208
Loss on disposal of investments		-	86,723
Gain on disposal of property, plant and equipment		(2,927)	-
Property, plant and equipment written off		296	19
Provision for employee benefits		36,615	211,656
Investment income		-	(298,623)
Interest revenue		(393,043)	(200,110)
Operating (loss)/profit before working capital changes		(1,031,013)	1,074,204
Increase in receivables		(19,721)	(38,462)
Decrease in payables		(407,974)	(193,474)
Cash (used in)/generated from operations		(1,458,708)	842,268
Dividend received		9,750,982	-
Interest received		393,043	200,110
Tax paid		(404,769)	(65,672)
Net cash generated from operating activities		8,280,548	976,706
Balance carried down		8,280,548	976,706

Cash Flow Statement

For The Year Ended 31 December 2009 (cont'd)

	Note	2009 RM	2008 RM
Balance brought down		8,280,548	976,706
Cash Flows from Investing Activities			
(Advances to)/Repayment from subsidiary companies		(1,272,074)	(2,630,074)
Purchase of investments		-	(17,300,000)
Additional investment in subsidiary companies		(1,000,000)	(350,000)
Proceeds from disposal of investments		-	20,054,859
Proceeds from disposal of investment properties		-	2,150,000
Proceeds from disposal of property, plant and equipment		280,992	-
Purchase of investment properties		-	(1,299,668)
Purchase of property, plant and equipment		(16,057)	(43,279)
Net cash (used in)/generated from investing activities		(2,007,139)	581,838
Cash Flows from Financing Activities			
Purchase of treasury shares		(126,731)	(221,763)
Dividend paid		(9,686,698)	(6,376,679)
Net cash used in financing activities		(9,813,429)	(6,598,442)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		10,373,824	15,413,722
Cash and cash equivalents at end of the year	35	6,833,804	10,373,824

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

CNI HOLDINGS BERHAD

(Incorporated in Malaysia)

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at Wisma CNI, No. 2, Jalan 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 liability 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 2010.

2. BASIS OF PREPARATION**a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and complied with the provisions of the Companies Act, 1965.

New and revised FRSs, Amendments to FRS and Issues Committee ("IC") Interpretations issued but not yet effective

At the date of authorisation of these financial statements, MASB has issued the following new and revised FRSs, Amendments to FRSs and Interpretations that are not yet effective and have not been early adopted in preparing these financial statements:-

		For financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010

2. BASIS OF PREPARATION (cont'd)**a) Statement of compliance** (cont'd)

		For financial periods beginning on or after
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)		1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)		1 January 2011
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate		1 January 2010
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations		1 January 2010
Amendments to FRS 2 Share-based Payment		1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations		1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation		1 January 2010/ 1 March 2010
Amendments to FRS 138 Intangible Assets		1 July 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Arrangements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives		1 July 2010

By virtue of the exemption in FRS 4, 7 and 139, the impact of applying the respective FRSs on these financial statements upon their first adoption is not disclosed.

The adoption of the other FRSs, Amendments to FRSs and Interpretations is not expected to have any significant impact on the results and financial position of the Group and of the Company.

2. BASIS OF PREPARATION (cont'd)**a) Statement of compliance** (cont'd)***FRS 101 Presentations of Financial Statements***

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: It presents all items of income and expense recognised in income statements, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. New terminologies will replace 'balance sheet' with 'statement of financial position' and 'cash flow statement' with 'statement of cash flows'.

b) Basis of measurement

The measurement bases applied in the preparation of the financial statements include cost, recoverable amount, realisable value and fair value. Estimates are used in measuring these values.

c) Functional and presentation currency

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 financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM) which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

d) Significant accounting estimates and judgements

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- 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 charges could be revised.
- ii) Amortisation of intangible asset - the cost of intangible asset is amortised on a straight line basis over the assets' useful lives. Management estimates the useful lives of these intangible assets to be 10 years. The amortisation period and the amortisation method for computer software are reviewed at least at each balance sheet date. Therefore, future amortisation charges could be revised.
- iii) Annual testing for impairment of goodwill - 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 - 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

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 or 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**d) Other Intangible Assets****i) 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.

ii) Trademark

Trademark acquired is measured on initial recognition at cost. The useful life of the trademark is assessed to be indefinite and are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of trademark is reviewed annually to determine whether the useful life assessment continues to be supportable.

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%
Plant and machinery and laboratory equipment	10%
Motor vehicles	10% - 15%
Office equipment, furniture, fittings, renovation, electrical installation and computer hardware	10% - 20%

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**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 or 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 or 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**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 plan 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 February 2010.

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. 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 in which they arise. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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 operations 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**k) Foreign Currencies** (cont'd)**ii) Foreign Operations**

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

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- (ii) Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**m) Revenue Recognition** (cont'd)**v) Management Fees**

Management fees are recognised when services are rendered.

n) Provisions

Provisions 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. The corresponding finance lease 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**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 and suppliers credit financing scheme 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 and demand deposits 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.

As At 31 December 2009

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold	Plant & Machinery & Laboratory	Furniture, Fittings, Renovation & Office	Motor Vehicles	Total	
	Land	Buildings	Equipment	Equipment	RM	
2009	RM	RM	RM	RM	RM	
Cost						
At 1.1.09	4,621,097	33,167,077	22,680,530	4,625,961	19,440,310	84,534,975
Reclassified to other intangible assets (note 10)	-	-	-	-	(3,677,969)	(3,677,969)
Additions	-	-	76,012	444,372	2,209,066	2,729,450
Disposals	-	-	(404,206)	(351,240)	(107,773)	(863,219)
Written off	-	-	(7,986)	-	(1,360,662)	(1,368,648)
Translation adjustments	-	-	-	-	10,482	10,482
At 31.12.09	4,621,097	33,167,077	22,344,350	4,719,093	16,513,454	81,365,071
Accumulated Depreciation and Impairment loss						
At 1.1.09	-	6,219,024	14,018,383	2,304,091	10,290,367	32,831,865
Depreciation charge for the year	-	663,342	1,680,073	448,599	1,377,329	4,169,343
Reclassified to other intangible assets (note 10)	-	-	-	-	(1,654,555)	(1,654,555)
Disposals	-	-	(371,921)	(73,175)	(44,127)	(489,223)
Written off	-	-	(6,890)	-	(703,650)	(710,540)
Impairment loss recognised during the year	-	139,750	-	-	129,486	269,236
Translation adjustments	-	-	-	-	4,800	4,800
At 31.12.09	-	7,022,116	15,319,645	2,679,515	9,399,650	34,420,926
Net Carrying Amount						
At 31.12.09	4,621,097	26,144,961	7,024,705	2,039,578	7,113,804	46,944,145

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

Group	Freehold		Plant &	Motor	Furniture,	Total
	Land	Buildings	Machinery	Vehicles	Fittings,	
	RM	RM	& Laboratory Equipment	Equipment	Renovation & Office	
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
Reclassified to other						
intangible assets (note 10)	-	-	-	-	(3,690)	(3,690)
Reclassified from						
other intangible assets (note 10)	-	-	-	-	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
Reclassified to other						
intangible assets (note 10)	-	-	-	-	(584)	(584)
Reclassified from						
other intangible assets (note 10)	-	-	-	-	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

As At 31 December 2009

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

Company	Office Equipment,				Total RM
	Furniture & Fittings RM	Motor Vehicles RM	Electrical Installation RM	Computer Hardware RM	
Cost					
At 1.1.09	19,208	953,018	3,625	74,964	1,050,815
Additions	340	-	370	15,347	16,057
Disposal	-	(351,240)	-	-	(351,240)
Reclassified to intangible assets (note 10)	-	-	-	(22,476)	(22,476)
Written off	(399)	-	-	-	(399)
At 31.12.09	19,149	601,778	3,995	67,835	692,757
Accumulated Depreciation					
At 1.1.09	13,312	200,634	3,444	9,313	226,703
Charge for the year	1,264	63,105	177	8,212	72,758
Disposal	-	(73,175)	-	-	(73,175)
Reclassified to intangible assets (note 10)	-	-	-	(4,020)	(4,020)
Written off	(103)	-	-	-	(103)
At 31.12.09	14,473	190,564	3,621	13,505	222,163
Net Carrying Amount					
At 31.12.09	4,676	411,214	374	54,330	470,594

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

	Office Equipment, Furniture & Fittings RM	Motor Vehicles RM	Electrical Installation RM	Computer Hardware RM	Total RM
Cost					
At 1.1.08	17,138	953,018	3,625	33,777	1,007,558
Additions	2,070	-	-	41,209	43,279
Written off	-	-	-	(22)	(22)
At 31.12.08	19,208	953,018	3,625	74,964	1,050,815
Accumulated Depreciation					
At 1.1.08	11,564	105,332	3,081	3,416	123,393
Charge for the year	1,748	95,302	363	5,900	103,313
Written off	-	-	-	(3)	(3)
At 31.12.08	13,312	200,634	3,444	9,313	226,703
Net Carrying Amount					
At 31.12.08	5,896	752,384	181	65,651	824,112

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

- a) In the previous year, 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	
	2009 RM	2008 RM
Freehold land and buildings	-	23,871,776

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

	Group	
	2009 RM	2008 RM
Office equipment	17,459	20,294

As At 31 December 2009

5. CAPITAL WORK-IN-PROGRESS

	Group	
	2009	2008
	RM	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	
	2009	2008
	RM	RM
At fair value		
At beginning of the year	9,043,000	9,935,000
Addition	-	1,299,668
Disposal	-	(2,150,000)
Change in fair value	70,000	(41,668)
At end of the year	9,113,000	9,043,000

The following investment properties are held under lease terms:-

	Group/Company	
	2009	2008
	RM	RM
Leasehold shophouse	780,000	760,000
Leasehold shoplots	8,108,000	8,058,000
Leasehold condominium	225,000	225,000
	9,113,000	9,043,000

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

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Group	
	2009	2008
	RM	RM
Unquoted shares		
At cost	2,850,000	1,850,000
At valuation	89,409,798	56,684,405
	92,259,798	58,534,405

The Directors revalued the investment in subsidiary companies based on the net tangible assets of the respective subsidiary companies as at 31 December 2009.

The particulars of subsidiary companies are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2009	2008
Held by the Company				
CNI Enterprise (M) Sdn. Bhd.	Malaysia	Sale and distribution of health care and consumer products	100%	100%
Exclusive Mark (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages	100%	100%
Q-Pack (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of household and personal care products	100%	100%
Symplesoft Sdn. Bhd.	Malaysia	Provision of information technology, shared services and e-commerce related services	100%	100%
Infuso Sdn. Bhd.	Malaysia	Operation of food and beverage outlets, namely Pick n' Brew	100%	100%
Lotus Supplies Sdn. Bhd.	Malaysia	Import and distribution of food ingredients	70%	70%
Held Through CNI Enterprise (M) Sdn. Bhd.				
# Creative Network International (S) Pte. Ltd.	Singapore	Sale and distribution of health care and consumer products in Singapore	100%	100%
Held Through Infuso Sdn. Bhd.				
Regal Effect Sdn. Bhd.	Malaysia	Operation of food and beverage outlets, namely Otak-Otak Place	100%	100%
Held Through Symplesoft Sdn. Bhd.				
Symplesoft eSolutions Sdn. Bhd.	Malaysia	Provision of software and e-commerce solutions	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. This subsidiary company relies on the Company for appropriate financial support to enable it to meet its obligations as and when they fall due.

As At 31 December 2009

8. INVESTMENTS

	Group	
	2009 RM	2008 RM
Non-current		
Unquoted shares, at cost	500,000	-
Current		
Marketable securities		
Unit trusts quoted in Malaysia, at cost	2,081,883	31,317
Total investments	2,581,883	31,317
Market value	2,081,883	31,317

9. GOODWILL

	Group	
	2009 RM	2008 RM
Cost		
At beginning of the year	219,111	123,008
Additions during the year (note 34)	-	96,103
At end of the year	219,111	219,111
Accumulated Impairment		
At beginning/end of the year	120,971	120,971
Carrying amount	98,140	98,140

Key assumptions used in value-in-use calculations

The recoverable amount is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are:

	Group	
	2009 RM	2008 RM
Key assumptions used in value-in-use calculations		
Gross margin	72%	72%
Growth rate	15%	15%
Discount rate	10%	10%

Sensitivity to change in assumptions

With regard to the assessment of value-in-use calculation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed their recoverable amounts.

10. OTHER INTANGIBLE ASSETS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost				
At beginning of the year	29,079	30,519	-	-
Additions	923,533	1,870	-	-
Reclassified from property, plant and equipment (note 4)	3,677,969	3,690	22,476	-
Reclassified to property, plant and equipment (note 4)	-	(7,000)	-	-
At end of the year	4,630,581	29,079	22,476	-
Amortisation				
At beginning of the year	4,286	1,059	-	-
Charge for the year	276,375	2,876	-	-
Reclassified from property, plant and equipment (note 4)	1,654,555	584	4,020	-
Reclassified to property, plant and equipment (note 4)	-	(233)	-	-
At end of the year	1,935,216	4,286	4,020	-
Carrying amount	2,695,365	24,793	18,456	-

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-current				
Other receivables	88,846	198,616	-	-
Current				
Other receivables	1,231,603	939,897	2,476	44,515
Deposits	2,097,139	2,214,293	122,764	64,689
Prepayments	603,387	1,441,477	36,460	37,854
	3,932,129	4,595,667	161,700	147,058

As At 31 December 2009

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

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

	Group		Company	
	2009	2008	2009	2008
Related company	RM	RM	RM	RM
Prepayment	-	-	15,449	-
Other receivables	-	-	30,420	30,420
	-	-	45,869	30,420
Related parties				
Other receivables	520,037	208,764	-	-

Included in other receivables of the Group and of the Company are staff car loans amounting to RM 181,394 (2008 : RM352,686) and nil (2008 : RM44,515) respectively, which bears interest at rates ranging from 0.5% to 3.5% (2008 : 0.5% to 3.5%) per annum.

In the previous year, included in prepayments of the Group was an amount of RM962,803 being the amount incurred for the acquisition of computer software for the computerised operating system of a subsidiary company.

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

	Current		Non-current			Sub-total	Total
	Within 1 year	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years		
	RM	RM	RM	RM	RM	RM	
Group							
2009							
Financial Asset							
Staff car loans	92,548	61,072	26,326	1,448	-	88,846	181,394
2008							
Financial Asset							
Staff car loans	154,070	98,083	68,818	30,267	1,448	198,616	352,686
Company							
2009							
Financial Asset							
Staff car loans	-	-	-	-	-	-	-
2008							
Financial Asset							
Staff car loans	44,515	-	-	-	-	-	44,515

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
a) Deferred tax assets				
At beginning of the year	2,480,831	1,964,500	544,000	244,000
Recognised in income statements (note 31)	741,081	516,331	330,700	300,000
At end of the year	3,221,912	2,480,831	874,700	544,000

Presented after appropriate off-setting as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax assets	3,897,812	3,860,131	968,000	900,000
Deferred tax liabilities	(675,900)	(1,379,300)	(93,300)	(356,000)
	3,221,912	2,480,831	874,700	544,000

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax assets				
Retirement benefits	3,273,300	3,040,800	959,000	847,000
Deductible temporary differences in respect of expenses	-	5,900	-	-
Provision for employee benefits	61,700	116,900	9,000	53,000
Unabsorbed capital allowances	162,500	83,100	-	-
Unrealised profits on inventories	400,312	613,431	-	-
	3,897,812	3,860,131	968,000	900,000
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(563,400)	(1,055,300)	(25,300)	(32,000)
Change in fair value of investment properties	(112,500)	(324,000)	(68,000)	(324,000)
	(675,900)	(1,379,300)	(93,300)	(356,000)

The deferred tax assets recognised in the financial statements is in respect of retirement benefits which can be utilised to set-off against probable future taxable income based on profit forecast for the next three financial years.

As At 31 December 2009

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax liabilities				
At beginning of the year	(1,729,100)	(1,605,400)	-	-
Recognised in income statements (note 31)	(727,800)	(123,700)	-	-
At end of the year	(2,456,900)	(1,729,100)	-	-

Presented after appropriate off-setting as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax liabilities	(2,932,900)	(2,166,000)	-	-
Deferred tax assets	476,000	436,900	-	-
	(2,456,900)	(1,729,100)	-	-

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(2,932,900)	(2,166,000)	-	-
Deferred tax assets				
Retirement benefits	476,000	436,900	-	-

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unabsorbed capital allowances	304,000	93,500	-	-
Unutilised tax losses	4,011,600	1,887,800	-	-
	4,315,600	1,981,300	-	-

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.

13. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost		
Raw materials	4,171,567	6,451,474
Work-in-progress	202,627	175,492
Consumable tools	186,976	123,768
Packaging materials	2,195,129	2,461,939
Merchandised goods	12,684,633	15,044,590
Finished goods	802,783	1,409,879
Sales aid items	171,145	1,058,544
	20,414,860	26,725,686
At net realisable value		
Merchandised goods	-	963,293
	20,414,860	27,688,979

14. TRADE RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
External parties	6,897,962	7,121,836	44,455	39,376
Related parties	3,089,953	966,246	-	-
	9,987,915	8,088,082	44,455	39,376
Less: Allowance for doubtful debts	(8,003)	(8,003)	(8,003)	(8,003)
	9,979,912	8,080,079	36,452	31,373

The Group's and the Company's normal trade credit term extended to customers ranges from 30 to 120 days and within 30 days respectively.

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

	Group	
	2009 RM	2008 RM
Brunei Dollars	-	1,838
United States Dollars	2,859,104	1,798,197
	2,859,104	1,800,035

Further details on related parties transactions are disclosed in note 38.

As At 31 December 2009

15. AMOUNT OWING BY SUBSIDIARY COMPANIES

These amounts are non-trade in nature, unsecured, interest free, payable on demand and to be settled by cash except for amount owing by two subsidiaries companies which bear interest at the rate of 3.75% (2008 : 3.75%) per annum.

16. TAX ASSETS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax paid in advance	911,887	1,209,056	153,925	234,419
Tax recoverable	194,475	438,089	194,470	194,470
	<u>1,106,362</u>	<u>1,647,145</u>	<u>348,395</u>	<u>428,889</u>

17. CASH DEPOSITS WITH LICENSED BANKS

The cash deposits with licensed banks of the Group and of the Company bear effective interest rate at 0.10% to 3.18 % (2008 : 0.25% to 3.10%) and 1.83% to 3.18% (2008 : 2.90% to 3.10%) respectively per annum and mature within one year.

The foreign currency exposure profile is as follows:-

	Group	
	2009 RM	2008 RM
Brunei Dollars	1,910,330	1,908,800
United States Dollars	203,556	-
	<u>2,113,886</u>	<u>1,908,800</u>

18. CASH AND BANK BALANCES

The foreign currency exposure profile is as follows:-

	Group	
	2009 RM	2008 RM
United States Dollars	58,430	135,162
Pound Sterling	-	81
Euro	-	4,537
Singapore Dollars	31,565	12,567
Brunei Dollars	-	15,608
Chinese Renminbi	4,287	16,333
Indian Rupee	837	2,418
Australia Dollars	-	5,340
Taiwan Dollars	-	4,567
Thai Baht	-	119
Canadian Dollars	-	9,510
	<u>95,119</u>	<u>206,242</u>

19. SHARE CAPITAL

	Group/Company	
	2009 RM	2008 RM
Authorised:		
1,000,000,000 ordinary shares of RM0.10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
720,000,000 ordinary shares of RM0.10 each	<u>72,000,000</u>	<u>72,000,000</u>

20. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Distributable				
Retained earnings	37,060,920	40,263,078	11,736,806	10,303,260
Non-distributable				
Revaluation reserve	-	-	32,725,393	-
Translation reserve	6,246	(5,394)	-	-
Treasury shares	37,067,166	40,257,684	44,462,199	10,303,260
	(1,112,524)	(985,793)	(1,112,524)	(985,793)
	<u>35,954,642</u>	<u>39,271,891</u>	<u>43,349,675</u>	<u>9,317,467</u>

20. RESERVES (cont'd)**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) Revaluation Reserve

This reserve arises from investment in subsidiary companies that are revalued at a regular interval of at least once in every 5 years. This reserve is used to record the surplus when the carrying values of the revalued investments differ materially from the underlying net tangible asset values of the subsidiary companies. 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.

c) Treasury Shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 25 June 2009, 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 455,400 (2008 : 761,000) of its issued and fully paid-up ordinary shares from the open market at an average price of RM0.278 (2008: RM0.291) per share. The total consideration paid for the repurchased shares including transaction cost was RM126,731 (2008 : RM221,763). 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. Such treasury shares are held at a carrying amount of RM1,112,524 (2008 : RM985,793).

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	
2009					
March 2009	13,000	0.220	0.220	0.220	2,904
June 2009	213,300	0.280	0.290	0.285	61,642
July 2009	224,100	0.265	0.275	0.270	60,936
August 2009	5,000	0.240	0.245	0.243	1,249
	<u>455,400</u>				<u>126,731</u>
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
	<u>761,000</u>				<u>221,763</u>

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

Of the total 720,000,000 (2008 : 720,000,000) issued and fully paid ordinary shares as at 31 December 2009, 2,909,200 (2008 : 2,453,800) are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue after the set off is therefore 717,090,800 (2008 : 717,546,200) ordinary shares of RM0.10 each.

21. HIRE PURCHASE PAYABLES

	Group	
	2009 RM	2008 RM
Gross instalment payments	7,765	15,145
Less: Future finance charges	(463)	(1,483)
Total present value of hire purchase payables	<u>7,302</u>	<u>13,662</u>
Analysed as:-		
Due within 1 year	5,020	6,358
Due after 1 year	2,282	7,304
	<u>7,302</u>	<u>13,662</u>
Payable within one year		
Gross instalment payments	5,420	7,380
Less: Future finance charges	(400)	(1,022)
Present value of hire purchase payables	5,020	6,358
Payable more than 1 year but not more than 2 years		
Gross instalment payments	2,345	5,420
Less: Future finance charges	(63)	(399)
Present value of hire purchase payables	2,282	5,021
Payable more than 2 years but not more than 3 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	<u>7,302</u>	<u>13,662</u>

The hire purchase payables of the Group bear effective interest rates of 7.20% to 9.37% (2008: 7.20% to 9.37%) per annum.

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22. TERM LOAN

	Group	
	2009	2008
	RM	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)	1 40,475	1 65,574

The term loan of a subsidiary company 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.

The maturity profile is as follows:-

	← Maturities →							
	← Current →			Non-current →				
	Within 1 year	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	After 5 years	Sub-total	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2009								
Financial Liability								
Term loan	26,763	28,428	30,196	32,074	23,014	-	113,712	140,475
2008								
Financial Liability								
Term loan	21,366	23,254	25,310	27,547	29,982	38,115	144,208	165,574

23. RETIREMENT BENEFITS

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Liability for defined benefit obligations at beginning of the year	13,911,099	12,677,883	10,555,512	9,586,023
Current service costs and interest	1,407,949	1,295,014	757,315	996,213
Transfer to subsidiary company	-	-	(2,647,002)	-
Amortisation of net gain	(25,020)	(61,798)	(11,664)	(26,724)
Settlement and curtailments gain	(297,186)	-	(297,186)	-
Liability for defined benefit obligations at end of the year (non-current)	14,996,842	13,911,099	8,356,975	10,555,512

23. RETIREMENT BENEFITS (cont'd)

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Present value of unfunded obligations	10,942,151	12,179,720	7,002,241	9,490,041
Unrecognised net actuarial gain	4,054,691	1,731,379	1,354,734	1,065,471
	<u>14,996,842</u>	<u>13,911,099</u>	<u>8,356,975</u>	<u>10,555,512</u>

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current service cost	707,615	669,143	363,840	507,818
Interest cost	700,334	625,871	393,475	488,395
Amortisation of net gain	(25,020)	(61,798)	(11,664)	(26,724)
Settlement and curtailments gain	(297,186)	-	(297,186)	-
	<u>1,085,743</u>	<u>1,233,216</u>	<u>448,465</u>	<u>969,489</u>

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

	Group/Company	
	2009	2008
	RM	RM
Discount rate	6.00%	5.75%
Expected rate of salary increases	3.00%	5.00%

Notes to the Financial Statements

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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	
	2009 RM	2008 RM
Chinese Renminbi	1 1,153	-
United States Dollars	93,245	3 82,171

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	2,162,125	2,444,182	194,951	277,087
Deposits	3,704,498	4,162,794	126,700	114,950
Accruals	6,936,894	9,088,776	22,356	148,288
	12,803,517	15,695,752	344,007	540,325

Included in other payables of the Group are amounts owing to related parties amounting to RM367,117 (2008: RM162,426).

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

	Group	
	2009 RM	2008 RM
United States Dollar	159,606	77,257
Hong Kong Dollar	1,547	-
	161,153	77,257

Further details on related parties transactions are disclosed in note 38.

26. PROVISION FOR EMPLOYEES BENEFITS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At beginning of the year	467,477	283,637	211,656	37,809
Additions	249,577	464,336	36,615	211,656
Incurred	(467,477)	(280,496)	(211,656)	(37,809)
At end of the year	249,577	467,477	36,615	211,656

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 Director and employee multiplied by their respective salary/wages as at year end.

27. BANK OVERDRAFT

The bank overdraft facilities of a subsidiary company bear interest at rate of 7.70% (2008 : Nil) per annum. These facilities are secured and supported as follow:-

- (i) Corporate guarantee by the Company for RM1,300,000;
- (ii) Individual guarantee for RM390,000 by a director of the subsidiary company.

In the previous year, the bank overdraft facilities are not utilised by subsidiary companies. These facilities of the subsidiary companies are secured and supported as follows:-

- (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
- (iii) Joint and several guarantees by certain directors of the Company.

As At 31 December 2009

28. OPERATING REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	154,515,270	180,097,874	-	-
Sale of food and beverages	3,596,068	1,362,985	-	-
Management fees	-	-	6,645,925	8,292,417
Rental revenue from investment properties	400,940	425,305	400,940	425,305
Dividend revenue	-	-	13,001,309	-
	<u>158,512,278</u>	<u>181,886,164</u>	<u>20,048,174</u>	<u>8,717,722</u>

29. DIRECT OPERATING COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost of sales	54,268,483	61,456,747	-	-
Cost of food and beverages sold	4,947,445	1,541,617	-	-
Operating expenses of investment properties - income generating	98,593	138,571	98,593	138,571
	<u>59,314,521</u>	<u>63,136,935</u>	<u>98,593</u>	<u>138,571</u>

30. PROFIT BEFORE TAXATION

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

a) Other items

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Amortisation of other intangible assets	276,375	2,876	-	-
Auditors' remuneration				
- statutory audits	170,300	159,578	8,000	8,000
- other services	8,000	8,000	8,000	8,000
Bad debts written off	66,916	5,512	-	-
Change in fair value of investment properties	(70,000)	41,668	(70,000)	41,668
Depreciation of property, plant and equipment	4,169,343	4,396,318	72,758	103,313
Impairment loss of property, plant and equipment	269,236	-	-	-
Interest expense	188,898	26,469	-	-
Interest revenue	(670,185)	(694,773)	(393,043)	(200,110)
Inventories written down	-	356,286	-	-
Inventories written off	1,844,389	3 56,059	-	-
Investment income	(50,557)	(419,439)	-	(298,623)
Loss on disposal of investments	-	449,897	-	8 6,723
Loss/(Gain) on disposal of property, plant and equipment	16,501	36,455	(2,927)	-
Loss/(Gain) on foreign exchange				
- realised	103,857	58,769	10	-
- unrealised	(187,831)	(26,453)	-	4,208
Other rental revenue	(389,180)	(1,047,245)	-	-
Property, plant and equipment written off	658,108	72,351	296	19
Rental of premises	2,671,043	2,024,270	182,520	182,520
Employees benefit expenses (i)	28,891,405	28,548,829	4,463,489	7,444,877

30. PROFIT BEFORE TAXATION (cont'd)

Profit before taxation is arrived at after charging/(crediting):- (cont'd)

a) Other items (cont'd)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
i) Included in employees benefit expenses are:-				
Social security contributions and contributions to defined contribution plan	2,013,842	1,984,814	166,654	159,406
Directors' remuneration	6,752,517	8,184,977	3,048,481	5,925,686
Provision for employee benefits	(217,900)	183,840	(175,041)	173,847

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
Aggie Chew Poh Lian
Lim Lean Eng
Dr Ch'ng Huck Khoon
Thiang Kai Goh

(Appointed on 1 March 2010)
(Resigned on 1 March 2010)

30. PROFIT BEFORE TAXATION (cont'd)

b) Directors' remuneration (cont'd)

The Directors of the Company in office since the date of last report are as follows:- (cont'd)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive Directors				
- fees	184,000	2 64,000	8 0,000	120,000
- emoluments	5,230,263	6,142,350	2,321,416	4,454,167
- retirement benefits	1,085,743	1,233,216	4 48,465	969,489
- profit sharing	-	256,961	-	142,680
	6,500,006	7,896,527	2,849,881	5,686,336
Non-executive Directors				
- fees	144,000	144,000	144,000	144,000
- emoluments	38,500	38,000	38,500	38,000
	182,500	182,000	182,500	182,000
Total remuneration (excluding benefit-in-kind)	6,682,506	8,078,527	3,032,381	5,868,336
Estimated money value of benefit-in-kind	70,011	106,450	16,100	57,350
Total remuneration (including benefit-in-kind)	6,752,517	8,184,977	3,048,481	5,925,686

31. TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Based on results for the year - Malaysian tax	3,762,835	6,808,603	3,849,200	543,700
(Reversal)/Origination of temporary differences (note 12)	(13,281)	(392,631)	(330,700)	(300,000)
	3,749,554	6,415,972	3,518,500	2 43,700
(Over)/under provision of taxation in prior year	(147,352)	92,801	(113,610)	53,372
Tax expense	3,602,202	6,508,773	3,404,890	297,072

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008 : 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:-

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualified for the above preferential tax rates.

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	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation	10,150,328	23,457,739	14,525,134	155,861
Tax at the Malaysian statutory income tax rate of 25% (2008 : 26%)	2,537,600	6,099,000	3,631,300	40,600
Effect of lower tax rate for Malaysian subsidiary companies with issued and paid-up share capital of RM2.5 million and below	-	(16,000)	-	-
Effect of different tax rates in foreign jurisdiction	(41,700)	18,900	-	-
Balance carried down	2,495,900	6,101,900	3,631,300	40,600

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	
	2009 RM	2008 RM	2009 RM	2008 RM
Balance brought down	2,495,900	6,101,900	3,631,300	40,600
Tax effects arising from:-				
- non-deductible expenses	996,654	1,004,072	170,400	499,000
- double deduction expenses	(117,100)	(136,200)	-	-
- non-taxable revenue	(30,200)	(73,000)	-	-
Utilisation of deferred tax assets previously not recognised	(31,100)	(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)	-	-
(Over)/Under provision of income tax in prior year	(147,352)	92,801	(113,610)	53,372
(Over)/Under provision of deferred tax in prior year	(165,300)	(208,700)	(269,200)	27,000
Effect of differential tax rate on deferred tax	(14,000)	(419,400)	(14,000)	(322,900)
Deferred tax assets not recognised during the year	614,700	279,200	-	-
Tax expense	3,602,202	6,508,773	3,404,890	297,072

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

The Group has unutilised tax losses and unabsorbed capital allowances of RM4,011,600 (2008 : RM1,887,800) and RM954,000 (2008 : RM425,100) respectively.

32. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the Group's profit for the year attributable to equity holders of the Company of RM6,484,540 (2008 : RM16,961,232) by the weighted average number of ordinary share in issue during the year of 717,643,619 (2008 : 717,873,648) ordinary shares of RM0.10 each after deducting the weighted average number of shares repurchased. Diluted earnings per share are not disclosed as the Group does not have any dilutive instrument.

33. DIVIDEND

	Group	
	2009	2008
	RM	RM
Recognised during the year		
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
Interim dividend of RM0.018 per share less 25% tax based on 717,533,200 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2008	9,686,698	-
	<u>9,686,698</u>	<u>6,376,679</u>
Net dividend per share (sen)	<u>1.35</u>	<u>0.89</u>

Subsequent to the financial year end, the Company declared an interim dividend of RM0.008 per share less 25% tax based on 717,070,800 ordinary shares amounting to RM4,302,425 paid on 8 April 2010 in respect of the current financial year.

34. ACQUISITIONS OF SUBSIDIARY COMPANIES

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 an additional of 349,999 shares of RM1 each 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.

On 15 May 2009, a subsidiary company, Symplesoft Sdn. Bhd. subscribed for 2 ordinary shares of RM1 each representing 100% of the issued and fully paid-up share capital of Symplesoft eSolutions Sdn. Bhd., a company incorporated in Malaysia for a total consideration of RM2.

(i) Effect of Consolidated Cash Flow Statements

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

	Group	
	2009	2008
	RM	RM
Property, plant and equipment	-	25,940
Other receivables and deposits	-	17,169
Bank balance	2	6,189
Amount owing to directors	-	(92,600)
Other payables and accruals	-	(36,800)
Total net asset/(liabilities)	2	(80,102)
Goodwill	-	96,103
Total purchase consideration	2	16,001
Cash balances of a subsidiary company acquired	(2)	(6,189)
Cash flow on acquisition, net of cash acquired	-	9,812

Notes to the Financial Statements

As At 31 December 2009

34. ACQUISITIONS OF SUBSIDIARY COMPANIES (cont'd)

(ii) Effect on Consolidated Income Statement

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

	Group	
	2009 RM	2008 RM
Operating revenue	617,192	195,376
Direct operating costs	-	(196,720)
Gross profit/(loss)	617,192	(1,344)
Other operating revenue	-	110
Distribution costs	-	(20,118)
Administrative costs	(48,574)	(49,067)
Profit/(Loss) from operations	568,618	(70,419)
Finance costs	-	(57)
Profit/(Loss) before taxation	568,618	(70,476)
Taxation	-	-
Profit/(Loss) for the year	568,618	(70,476)
Minority interest	-	12,266
Profit/(Loss) attributable to shareholders	568,618	(58,210)

(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	
	2009 RM	2008 RM
Property, plant and equipment	7,939	211,112
Intangible assets	45,627	-
Inventories	-	122,133
Trade and other receivables	20,635	579,819
Tax assets	-	4,000
Cash and bank balances	128,030	280,478
Trade and other payables	(7,326)	(173,237)
	194,905	1,024,305

35. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	6,609,324	4,986,924	333,804	361,242
Cash deposits with licensed banks	34,226,767	38,941,451	6,500,000	10,012,582
Bank overdraft (note 27)	(150,748)	-	-	-
	40,685,343	43,928,375	6,833,804	10,373,824

36. CONTINGENT LIABILITIES - UNSECURED

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
# Special damage claimed 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.

37. CAPITAL COMMITMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
In respect of capital expenditure approved and contracted for:-				
- purchase of property, plant and equipment	106,935	222,996	-	-
- acquisition of service apartment	35,774	35,774	-	-
- acquisition of computer software	246,673	3,770,890	-	-
	389,382	4,029,660	-	-

37. CAPITAL COMMITMENTS (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
In respect of capital expenditure approved and not contracted for:-				
- purchase of property, plant and equipment	1,259,677	5,420,426	-	53,160
- acquisition of computer software	-	631,539	-	17,100
	<u>1,259,677</u>	<u>6,051,965</u>	<u>-</u>	<u>70,260</u>

38. RELATED PARTIES TRANSACTIONS

(a) For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Group and the Company has a related party relationship with its ultimate holding company, Directors, key management personnel and companies in which certain Directors have interest.

(b) Intra-group transactions with subsidiary companies are as follows:-

	Company	
	2009 RM	2008 RM
Management fee revenue received and receivable	(6,645,900)	(8,284,000)
Dividend revenue (gross) received and receivable	(13,001,309)	-
Rental revenue received and receivables	(36,000)	-
Interest revenue received and receivable	(222,000)	(60,000)
Rental of premises paid and payable	182,500	183,000
Information Communication Technologies shared charges paid and payable	70,200	-

38. RELATED PARTIES TRANSACTIONS (cont'd)

(c) Related parties transactions are as follows:-

	Note	2009 RM	2008 RM
Transaction(s) with companies in which the Director(s) of the Company has/have substantial financial interests and is/are also director(s) is(are) as follows:-			
- Sales revenue	ii	(769,400)	(1,909,000)
- Rental revenue	i	(398,400)	(963,000)
- Management fee	iii	433,700	508,000
- Rental charge	i	84,000	84,000
- Research and development expenditure	v	462,900	558,000
- Purchase of goods	iv	352,100	484,000
Transaction(s) with companies in which the Director(s) of the Company has/have substantial financial interests is(are) as follows:-			
- Patent and trademark fee	vi	296,200	279,000
- Sales revenue	ii	(7,015,900)	(6,294,000)
Transaction(s) with a charitable body in which the wife of the Director of the Company is the president is(are) as follows:-			
- Rental revenue	i	(28,800)	(29,000)
- Purchase of goods		(2,600)	-
Transaction(s) with a company in which the Director(s) of the Company, is/are also director(s) is(are) as follows:-			
- Sales revenue	ii	(149,300)	-

38. RELATED PARTIES TRANSACTIONS (cont'd)

(c) Significant related parties transaction are as follows:- (cont'd)

- (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 charged was based on the terms and conditions stated in the agreement between parties concerned.
- (iv) the purchases of products from this party were made according to the prescribed prices and conditions offered by this related party to their major customers.
- (v) the research and development expenditure paid was based on the terms and conditions stated in the agreement between parties concerned.
- (vi) the trademark and patent fee paid was based on the terms and conditions stated in the agreement between parties concerned.

Information regarding outstanding balances arising from related parties transactions as at 31 December 2009 are disclosed in note 11, 14 and 25.

(d) 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 remuneration of the key management is as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term employees benefits	6,583,577	7,700,839	2,229,370	4,218,293
Post-employment benefits	1,962,045	2,249,643	819,111	1,707,392

39. OPERATING LEASE COMMITMENTS

The Group has entered into a commercial lease for its office premises. This lease has tenure of 2 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into this lease.

Future minimum rental payable under the non cancellable operating lease at the balance sheet date is as follows:

	Company	
	2009 RM	2008 RM
Not later than one year	237,900	510,257
Later than one year but not later than five years	-	212,607
	237,900	722,864

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	Sales and distribution of health care and consumer products and import and distribution of food ingredients
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 sales and distribution 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 & Beverages Outlets RM	Elimination RM	Consolidated RM
2009						
Revenue						
External revenue	364,940	13,833,527	141,669,996	2,643,815	-	158,512,278
Inter segment revenue	19,683,234	30,396,370	4,590,051	1,026,040	(55,695,695)	-
Total revenue	<u>20,048,174</u>	<u>44,229,897</u>	<u>146,260,047</u>	<u>3,669,855</u>	<u>(55,695,695)</u>	<u>158,512,278</u>
Result						
Segment result	14,132,088	2,707,841	7,828,238	(3,161,750)	(11,837,416)	9,669,001
Interest expenses						(188,898)
Interest revenue						670,225
Taxation						(3,602,202)
Minority interest						(63,586)
Profit from ordinary activities						<u>6,484,540</u>
Assets						
Segment assets	116,364,174	31,468,745	66,640,747	6,627,991	(118,644,052)	102,457,605
Tax assets						1,106,362
Deferred tax assets						3,221,912
Cash deposits with licensed banks						34,226,767
						<u>141,012,646</u>
Liabilities						
Segment liabilities	8,737,597	5,510,301	30,568,146	9,046,379	(23,933,064)	29,929,359
Interest bearing liabilities						298,525
Taxation						171,900
Deferred tax liabilities						2,456,900
						<u>32,856,684</u>
Capital expenditure	16,057	194,643	3,008,741	1,475,696	(1,042,154)	3,652,983
Depreciation of property, plant and equipment	72,758	2,143,872	1,578,241	286,082	88,390	4,169,343
Amortisation of intangible assets	-	-	255,824	-	20,551	276,375
Impairment losses of property, plant and equipment	-	-	269,236	-	-	269,236
Non-cash expenses other than depreciation						
Bad debt written off	-	-	66,916	-	-	66,916
Inventories written off	-	90,836	1,753,553	-	-	1,844,389
Retirement benefits expense	448,465	155,478	481,800	-	-	1,085,743
Provision for employee benefits	36,615	-	212,962	-	-	249,577
Property, plant and equipment written off	296	3,693	62,232	591,887	-	658,108

40. SEGMENT ANALYSIS (cont'd)

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

	Investment Holding RM	Manufac- turing RM	Marketing & Trading RM	Food & Beverages 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	1,032,621	1,391,790	(4,398)	3,068,726
Depreciation of property, plant and equipment	103,313	2,216,380	1,925,234	148,339	3,052	4,396,318
Amortisation of intangible assets	-	-	2,876	-	-	2,876
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)

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.

(b) Secondary Reporting Format - Geographical Segments

Segment revenue based on geographical location of its customers:-

	2009 RM	2008 RM
Malaysia	141,745,422	158,547,466
Brunei	6,883,008	9,488,518
Hong Kong	206,261	758,430
India	29,578	78,018
Singapore	7,017,297	9,624,274
Philippines	15,781	443,022
Indonesia	1,669,587	1,946,364
United States of America	872,604	863,807
Others	72,740	136,265
	<u>158,512,278</u>	<u>181,886,164</u>

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
2009			
Segment assets	100,068,844	2,388,761	102,457,605
Tax assets			1,106,362
Deferred tax assets			3,221,912
Cash deposits with licensed banks			3,422,767
Consolidated total assets			<u>141,012,646</u>
Capital expenditure	3,634,567	18,416	<u>3,652,983</u>

40. SEGMENT ANALYSIS (cont'd)**(b) Secondary Reporting Format - Geographical Segments**

	Malaysia RM	Singapore RM	Consolidated RM
2008			
Segment assets	103,951,727	2,498,899	106,450,626
Tax assets			1,647,145
Deferred tax assets			2,480,831
Cash deposits with licensed banks			38,941,451
Consolidated total assets			149,520,053
Capital expenditure	3,063,037	5,689	3,068,726

41. SIGNIFICANT EVENT

On 15 May 2009, a subsidiary company, Symplesoft Sdn. Bhd. acquired 2 ordinary shares of RM1 each representing 100% of the issued and fully paid-up share capital of Symplesoft eSolutions Sdn. Bhd., a company incorporated in Malaysia for a total consideration of RM2. Subsequently, the paid up share capital was increased from RM2 to RM100,000. The Company subscribed an additional of 99,998 shares of RM1 each which represents 100% of the issued and fully paid up share capital.

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 placing 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)**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 minimised 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 at 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 as published in the national daily.

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

	Carrying Amount RM	Fair Value RM
Group		
2009		
Financial Assets		
Staff car loan receivables (non-current)	88,846	76,068
Unquoted shares	500,000	*-
Financial Liabilities		
Term loan	140,475	190,765
Hire purchase payables	7,302	7,254

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 and of the Company as at balance sheet date approximate their fair values except for the following:- (cont'd)

	Carrying Amount RM	Fair Value RM
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

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

	Carrying Amount RM	Fair Value RM
2009		
Group		
Contingent liabilities	295,000	* -
2008		
Group		
Contingent liabilities	295,000	* -

* 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 2009 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 2009 (RM'000)	Date of Acquisition/ last revaluation
Geran 215137 Lot 61741, Bandar Glenmarie, Daerah Petaling, Selangor Darul Ehsan Wisma CNI, No. 2, Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan	Commercial Buildings / Office cum factory	175,602 / 200,733	Freehold	13	30,766	1 Apr 1994 / -
Grant 57213 Lot 8302, Mukim 13, North East District, Penang. No.27A, 27B and 27C, Lintang Angsana, Bandar Baru Air Itam, 11500 Air Itam, Penang.	Intermediate three storey shophouse / Renting out to third parties	1,991 / 4,444	Leasehold - 99 years (30 May 2093)	18	780	10 Jul 2003/ 31 Dec 2009
HS(D) 100850, PT 576, Bandar Shah Alam, Petaling District, Selangor Darul Ehsan No. 1, Jalan Tengku Ampuan Zabedah F9/F, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.	Six storey corner shoplot cum office / Renting out to 3 rd parties	2,252 / 12,865	Leasehold - 99 years (29 Aug 2094)	12	2,500	4 Apr 1995/ 28 Dec 2009
HS(D) 100852, PT 578, Bandar Shah Alam, Petaling District, Selangor Darul Ehsan No. 3, Jalan Tengku Ampuan Zabedah F9/F, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.	Six storey shoplot cum office / Renting out and occupied as store room	1,800 / 10,632	Leasehold - 99 years (29 Aug 2094)	12	2,000	4 Apr 1995/ 28 Dec 2009

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 2009 (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)	13	2,350	12 Jul 1993/ 28 Dec 2009
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)	11	225	30 May 1995/ 28 Dec 2009
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)	3	1,258	19 Jun 2008/ 8 Feb 2010

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

1. Utilisation of Proceeds

During the financial year ended 31 December 2009, 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 455,400 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 2009	No. of CNI Shares Bought Back	Price per CNI Share (RM)			Average Cost per CNI Share* (RM)	Total Cost* (RM)
		Lowest	Highest	Average		
March	13,000	0.220	0.220	0.220	0.223	2,903.86
June	213,300	0.280	0.290	0.285	0.289	61,641.53
July	224,100	0.265	0.275	0.270	0.272	60,936.12
August	5,000	0.240	0.245	0.243	0.250	1,249.37

* 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 2009, a total of 2,909,200 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 2009.

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

During the financial year ended 31 December 2009, 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 2009 are as follow:-

MSA Tax Services Sdn. Bhd., Malaysia	RM58,535
Firms affiliated to Moore Stephens AC, Malaysia	RM6,300
Total	RM64,835

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 2009 and the unaudited financial results for the year ended 31 December 2009 announced by the Company on 25 February 2010.

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 38 to the Financial Statements on pages 100 to 102 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 2009 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 page 65 of this Annual Report.

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

At the Annual General Meeting held on 25 June 2009, 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.

Additional Compliance Information

The details of the recurrent related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2009 pursuant to the said shareholders' mandate are disclosed as follows:

Transacting Party	company within our Group	Interested Related Parties	Amount Transacted during the financial year RM	Nature of transactions
CNI Corporation Sdn Bhd	CNI Enterprise (M) Sdn Bhd ("CNIE")	Dato' Koh Peng Chor Tan Sia Swee	433,674	Provision of management services to CNIE
	CNIE	Chew Boon Swee Law Yang Ket Cheong Chin Tai Gan Chooi Yang	282,020	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor paid/payable to CNIE
	Symplesoft Sdn Bhd ("Symplesoft")		736,981	Provision of IT and e-commerce related services by Symplesoft
	CNIE		17,707	Purchase of goods and services from CNIE
	CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd ("EM")	Dato' Koh Peng Chor Tan Sia Swee	335,681
CNI Venture Sdn Bhd	Q-Pack (M) Sdn Bhd ("Q-Pack")	Chew Boon Swee Gan Chooi Yang	127,193	Provision of research, development and testing services to Q-Pack
	CNIE		116,400	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor paid/payable to CNIE
	EM		3,819	Provision of laboratory test service by EM
	EM		1,043	Contract manufacturing customer of EM
	Q-Pack		5,619	Contract manufacturing customer of Q-Pack
Citra Nusa Insancemerlang Investment Company	EM	Dato' Koh Peng Chor Tan Sia Swee	42,448	Patent fee paid by EM for licence to use and manufacture products
	Q-Pack	Chew Boon Swee Law Yang Ket Gan Chooi Yang	42,448	Patent fee paid by Q-Pack for licence to use and manufacture products
PC Marketing Sdn Bhd	Q-Pack	Dato' Koh Peng Chor Datin Chuah Tek Lan Koh How Loon	30,000	Rental of premises to bearing postal address No. 11A & 11B Jalan 25/64, 40400 Shah Alam, Selangor paid/payable by Q-Pack
	EM		54,000	Rental of premises bearing postal address No. 11C, 13A, 13B and 13C Jalan 25/64, 40400 Shah Alam, Selangor paid/payable by EM

Transacting Party	company within our Group	Interested Related Parties	Amount Transacted during the financial year RM	Nature of transactions
CNI Enterprise (India) Private Ltd	EM	Dato' Koh Peng Chor	449	Contract manufacturing customer of EM
	Q-Pack	Cheong Chin Tai Gan Chooi Yang	399	Contract manufacturing customer of Q-Pack
	CNIE		3,355	Purchase of goods from CNIE
CNI IPHC	CNIE	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Cheong Chin Tai Law Yang Ket Gan Chooi Yang	211,346	Trademark fee paid by CNIE
CNI Hong Kong Limited	Creative Network International (S) Pte Ltd ("CNIS")	Dato' Koh Peng Chor Tan Sia Swee Gan Chooi Yang	69,650	Sales of products to 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	282,480	Supply of royal jelly powder and honey to EM
Leader Regent Inc.	EM	Dato' Koh Peng Chor Wong Siew Fong	4,696,070	Contract manufacturing customer of EM
	CNIE	Gan Chooi Yang	412,890	Purchase of goods from CNIE
Yayasan CNI	CNIE	Datin Chuah Tek Lan	28,800	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor paid/payable to CNIE
	CNIE		2,551	Purchase of goods from CNIE
	Symplesoft		50	Provision of IT and e-commerce related services by Symplesoft
Sepang Goldcoast Sdn Bhd	CNIE	Dato' Koh Peng Chor Gan Chooi Yang	149,224	Purchase of goods and services from CNIE
Fortune Venture Inc.	CNIE	Dato' Koh Peng Chor	603,993	Purchase of goods from CNIE
	EM	Gan Chooi Yang	1,155,679	Purchase of goods from EM
	Q-Pack		147,287	Purchase of goods from Q-Pack

Analysis of Shareholdings

As At 23 April 2010

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	175	1.98	3	0.03	6,315	(1)	140	(1)
100 - 1,000	3,368	38.14	266	3.01	1,823,554	0.25	158,580	0.02
1,001 – 10,000	3,811	43.15	113	1.28	11,012,163	1.54	277,580	0.04
10,001 – 100,000	895	10.13	13	0.15	27,010,452	3.77	583,100	0.08
100,001 – 35,853,539 (*)	176	2.00	9	0.10	220,622,472	30.77	15,668,453	2.19
35,853,540 and above (**)	3	0.03	-	-	439,907,991	61.35	-	-
Total	8,428	95.43	404	4.57	700,382,947	97.67⁽²⁾	16,687,853	2.33⁽²⁾

Notes:

(*) Less than 5% of issued shares(1)

(**) 5% and above of issued shares(1)

(1) Less than 0.01%

(2) Excluding a total of 2,929,200 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 23 April 2010.

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 ⁽⁴⁾
Dato' Koh Peng Chor	2,490,240	0.35	373,275,443 ⁽¹⁾	52.06
Tan Sia Swee	-	-	25,933,380 ⁽²⁾	3.62
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	-	-	-	-
Aggie Chew Poh Lian	-	-	-	-
Lim Lean Eng	1,083,360	0.15	62,520 ⁽²⁾	0.01
Dr. Ch'ng Huck Khoon	1,000	⁽³⁾	-	-

Notes:

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

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

(3) Less than 0.01%

(4) Excluding a total of 2,929,200 CNI shares bought-back by CNI and retained as treasury shares as at 23 April 2010.

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	50.70	-	-
Cabar Sanubari Sdn Bhd	50,358,878	7.02	363,526,123 ⁽¹⁾	50.70
Fitri Ceria Sdn Bhd	37,741,868	5.26	-	-
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123 ⁽¹⁾	50.70
Syed Esa bin Syed Abdul Kadir	-	-	413,885,001 ⁽¹⁾	57.72
Syed Abdullah bin Syed Abd Kadir	-	-	413,885,001 ⁽¹⁾	57.72
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⁾	52.06
Datin Chuah Tek Lan	1,167,200	0.16	374,598,483 ⁽²⁾	52.24

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 2,929,200 CNI shares bought-back by CNI and retained as treasury shares as at 23 April 2010.

Analysis of Shareholdings

As At 23 April 2010

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	50.70
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	12,133,918	1.69
7. Cabar Sanubari Sdn Bhd	11,718,878	1.63
8. Tan Kim Choon	10,410,939	1.45
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	8,542,752	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 Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Chin Kwee	4,939,800	0.69
16. Gan Chooi Yang	4,403,904	0.61
17. Abdul Rashid Hussain	4,200,000	0.59
18. MAYBAN Nominees (Asing) Sdn Bhd DBS Bank for Triton Capital Group Ltd	3,557,000	0.50
19. Ginawan Chondro	3,554,972	0.50
20. Ong Teck Seng	3,107,000	0.43
21. Addeen Trading Sdn Bhd	3,016,600	0.42
22. HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Gan Choo Huat	3,000,000	0.42
23. ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Choo Huat	3,000,000	0.42
24. Choong Hon Ken	2,727,080	0.38
25. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor (PB)	2,490,240	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	1,735,500	0.24
30. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh How Loon (PB)	1,672,280	0.23
Total	615,414,154	85.82

Note:

(1) Excluding a total of 2,929,200 CNI shares bought-back by CNI and retained as treasury shares as at 23 April 2010.

NOTICE IS HEREBY GIVEN that the Twenty-First 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, 17 June 2010 at 11.00 a.m., to transact the following business:

AGENDA

AS ORDINARY BUSINESS:

1. To table the Audited Financial Statements for the financial year ended 31 December 2009 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:
 - i) Dato’ Koh Peng Chor
 - ii) Cheong Chin Tai
3. To re-elect Dr. Ch’ng Huck Khoon, Director who retires pursuant to Article 96 of the Company’s Articles of Association.
4. To approve the payment of Directors’ fees amounting to RM224,000 for the financial year ended 31 December 2009.
5. To re-appoint Messrs Moore Stephens AC as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

(Please refer Explanatory Note

**Resolution 1
Resolution 2**

Resolution 3

Resolution 4

Resolution 5

AS SPECIAL BUSINESS:

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

6. PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

“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 until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share 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.”

Resolution 6

7. PROPOSED RENEWAL OF SHAREHOLDER MANDATE AND NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specific in Section 2.1.2 (a) & (b) of the Circular to Shareholders dated 21 May 2010 subject to the following:-

- i) the transactions are of a revenue or trading in nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholders’ mandate in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholders' mandate."

Resolution 7

8. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

- i) the aggregate number of shares which may be purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Earnings and the Share Premium Account (if any), of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 31 December 2009, the audited Retained Earnings of the Company was RM11,736,806; and
- iii) the shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following manner:-
 - a) the shares so purchased may be cancelled; and/or
 - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
 - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

AND THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date.

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Securities and all other relevant governmental/regulatory authorities."

Resolution 8

BY ORDER OF THE BOARD

CHIN YOKE KWAI (MAICSA 7032000)

Company Secretary

Selangor Darul Ehsan
21 May 2010

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.
5. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 49(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 11 June 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 11 June 2010 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Agenda item 1 is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
2. Agenda item 2 – Re-election of Director
Aggie Chew Poh Lian, who is due for retirement by rotation pursuant to Article 91 of the Company's Articles of Association, has indicated to the Company that she does not wish to seek re-election at the forthcoming 21st Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Proposed Ordinary Resolution 6, if passed, will give the Directors of the Company authority to allot and issue ordinary shares in the Company up to an amount not exceeding 10% of the Company's total issued share capital for the time being. This authority will provide flexibility to the Company for any possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions. This authority, unless revoked or varies by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 20th Annual General Meeting held on 25 June 2009 and which will lapse at the conclusion of the forthcoming 21st Annual General Meeting.

2. 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.

Further information on the Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 21 May 2010, which is despatched together with the Abridged Annual Report 2009.

3. Proposed Ordinary Resolution 8, if passed, will give the Company authority to purchase its own ordinary shares up to 10% of the issued and paid-up share capital of the Company for the time being.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 21 May 2010, which is despatched together with the Abridged Annual Report 2009.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individual who are standing for election as Directors

No individual is seeking election as a Director at the 21st Annual General Meeting of the Company.

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
HCK29 <i>Cni</i>	Langkawi DC	87, Persiaran Mutiara Pusat Dagangan Kelana Mas 07000 Langkawi.	04-9672460	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 2, 06010 Changlon.	04-9246923/012-4932758 / 019-4442758	04-9246923
SP ZK134	Jitra SP	3B, Jln Satu, Pekan Jitra 2, 06000 Jitra.	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 A	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	
ZK393 A	Sintok SP	Lot No 124, The Mall UUM, 06010 Sintok.	04- 9242319	04-9243909
ZK394	Pendang SP	No 4 Bangunan Orkid 06700 Pendang.	019-5119897	
PULAU PINANG				
DC P103 <i>Cni</i>	Perak Road DC	175, Perak Road, 10150 Penang.	04-2271092 / 2816718 (R)	04-2271092
HC25	Perai DC	22, Jln Perai Jaya, 13700 Perai, Butterworth.	04-3986050	04-3984050
HC22	Air Itam DC	27, Lintang Angsana, Bdr Baru Air Hitam, 11500 Air Hitam.	04-8286626	04-8279626
SP ZP112C	Permatang Pauh SP	19, Lrg Cermat 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418 / 012-4286418	04-3902471
ZP131B	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 <i>Cni</i>	Tg Malim DC	No 1, Jln U1, Tmn Universiti, 35900 Tg Malim.	05-4590029 / 4597469 (R) / 012-5386669	05-4590029
A17 <i>Cni</i>	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 <i>Cni</i>	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 <i>Cni</i>	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 ZA213A	Lahat SP	3, Persiaran Pinjil Selatan 8, Desa Pelancongan, 31500 Lahat.	012-5215428	
ZA249	Taiping SP	No 7450, Jln Expo Dalam, Kg Expo 34600 Kemunting, Taiping.	019-4424462 05-6775107 / 016-7709629	
ZA379	Pantai Remis SP	No 7, Tkt Atas, Jln Besar, Tmn Desa Dua, 34900 Pantai Remis.	014-6304660 / 016-4424532	
ZA386	Hutan Melintang SP	No 7, 1st Floor, Jalan Utama, Pusat Perdagangan Jenderata (Depan Dewan), 36400 Hutan Melintang.		

Code	Distribution Centres & Sales Points (DC & SP)	Address	Tel	Fax
SELANGOR				
RC RCB01	Puchong Retail Centre	IOI Boulevard F.G.18, Jalan Kenari 5, Bandar Puchong Jaya, 47170, Puchong.	03-80768868	03-80768827
DC B56	Klang DC	9, Wisma Ching Eu Boon, Lrg Gudang Nanas 2, Jln Pasar, 41400 Klang.	03-33439897 / 33433416 / 019-3209897	03-33433416
B197 <i>Cni</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	No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang.	03-60928461	03-60928525
B230 <i>Cni</i>	Ampang DC	1-12, Jln Dagang B/3A, Tmn Dagang 68000 Ampang.	03-42701897	03-42706279
HCB31	Subang Jaya Service Centre	12A, Jln USJ 21/6, 47600 UEP Subang Jaya.	03-80259637	03-80259637
B233 <i>Cni</i>	Batu Caves DC	573, Jln Samudera Utara 1 Tmn Samudera, 68100 Batu Caves.	03-61841897	03-61842897
B239 <i>Cni</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
HCB27	Petaling Jaya Service Centre	53A, Jln SS3/29 Tmn Universiti, 47300 Petaling Jaya.	03-78739897	03-78739897
eSP ZB121	Bayu Perdana SP	No D-G-3A, Jln Batu Unjur 9, Bayu Villa Apartment, Tmn Bayu Perdana, 41200 Klang	03-33258978/016-2089897	
ZB223A <i>Cni</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 za_sanggul@yahoo.com	03-89263540
ZB256 <i>Cni</i>	Balakong eSP	No-41-1 Jln PDR 6, Kaw Perusahaan Desa Ria, 43300 Balakong.	03-89618673 / 019-2334303 03-55413004 / 019-3329897	
ZB364A <i>Cni</i>	Seksyen 24, Shah Alam SP	11, Tingkat Satu, Jln Timun C 24/C, Seksyen 24, 40300 Shah Alam.	cni.shahalam@gmail.com	
SP ZB117	Pelabuhan Klang SP	Blk F 117-B, Tingkat 1 Tmn Kem, Jln Kem, 42000 Pelabuhan Klang.	03-31682466 / 016-2800767	03-31683505
ZB128A	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 / 019-3539897	03-33931686
ZB255 <i>Cni</i>	Batang Kali SP	No. 33, Jln Meranti 2C Bdr Utama, 44300 Batang Kali.	012-2811324 / 012-3043401	
ZB286A	Taman Dato' Harun SP	4, Jln 13, Tmn Dato' Harun, 46000 PJ.	03-77841859 / 016-3133466	
ZB322 <i>Cni</i>	Sabak Bernam SP	No. 20, Jln 12A, Tmn Muhibah, 45200 Sabak Bernam.	013-6616702 / 013-6648818	
ZB353	Teluk Panglima Garang SP	Lot 2323, Lrg Aman Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021 / 016-3552162	
ZB371A <i>Cni</i>	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, 45600 Batang Berjuntai.	019-2782597	
WILAYAH PERSEKUTUAN				
DC W131	Setapak DC	211 A, Jln Genting Klang, 53300 Setapak.	03-40245133	03-40239195
W192	Cheras DC	54-A, Jln Serkut, Tmn Pertama, Cheras 56100.	03-92877190	03-92877190
W196 <i>Cni</i>	Jalan Ipoh DC	21-1, Jln Ipoh Kecil, 50350 Jln Ipoh.	03-40456826 / 016-6117856	03-40451085
W243 <i>Cni</i>	Putrajaya DC	No. 38A, Tingkat Satu, Jln Diplomatik, Presint 15, 62502 Putrajaya.	03-88905337 / 012-3728337 w243@mycni.com.my	03-88905337
SP ZW172	Datok Keramat SP	2, Lrg Keramat Dalam 2, Dato Keramat 54200.	03-42561469	
ZW363 <i>Cni</i>	Taman Seri Rampai SP	No. 7, Jln 20/26, Tmn Seri Rampai, 53300 KL.	03-40232122 / 012-3457337	

Distribution Centres & Sales Points (DC & SP)				
Code		Address	Tel	Fax
NEGERI SEMBILAN				
DC N59	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	
ZN391	Port Dickson SP	No. 15, Tingkat 1, Jalan Besar Bandar Lukut, 71010 Port Dickson.	016-2209940 / 016-2205007	
MELAKA				
DC M207	Batu Berendam DC	11, Jln BBP 1 Tmn Berendam Putra 75350 Batu Berendam.	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 Kota Laksamana.	06-2837617	06-2827723
SP ZM119A	Masjid Tanah SP	No 2681, Jalan BBMT 4, Taman Bandar Baru, 78300 Masjid Tanah.	06-3841080 / 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	07-6636467
J101	Taman Sentosa DC	277, Jln Sutera, Tmn Sentosa 80150 Johor Bahru.	07-3338995 / 016-7338995 / 012-7172937	07-3343862 07-2379228
J135	Taman Bukit Indah DC	72, Jln Indah Satu, Tmn Bukit Indah, 81200 Johor Bahru.	07-2363628 / 016-7338226 / 019-7713628	07-3543466 06-9545191
J189	Taman Molek DC	7, Jln Molek 2/5 Tmn Molek, 81100 Johor Bahru.	07-3524731	07-7710242
J191	Muar DC	No. 3, Tmn Seri Gemilang, Jln Salleh, 84000 Muar.	06-9526590 / 019-6556563	07-4319897
HCJ26	Kluang DC	No 36, Jln Cengkih, Tmn Makmur, 86000 Kluang.	07-7710242	
HCJ30	Batu Pahat DC	Wisma ACEB 15, Jln Setia Jaya, Tmn Setia Jaya, 83000 Batu Pahat.	07-4389897	
SP ZJ163	Kota Tinggi SP	No. 23-A, Jln Kolam Air, Tmn Medan Indah, 81900 Kota Tinggi.	07-8832051 / 016-7572046 / 017-7319897 cnikotatinggi@gmail.com	07-8832051
ZJ180A ZJ231	Tangkak SP Tampoi SP	23 Kampung Baru Satu, 84900 Tangkak. No. 40, Jln Padi, Bdr Baru Uda, 81200 Tampoi.	06-97820258 / 012-2317321 07-2357221 / 016-7177221 milza_2121@yahoo.com.my	07-2357221
ZJ241 ZJ335	Gelang Patah SP Skudai SP	No. 9, Perhentian Bas dan Teksi, 81550 Gelang Patah. No. 18A, Jln Kebudayaan 1A, Tmn Universiti, 81300 Skudai.	013-7632010 / 013-7431897 07-5215620 / 013-7305335 / 019-7173515 myCNI@hotmail.com	
ZJ377	Masai SP	19, Jln Bayan 31/1, Tmn Megah Ria, Masai, 81750 Johor Bahru.	07-3879468 / 013-7039468	
ZJ390	Taman Desa Jaya SP	4 Jln Pematang 4, Taman Desa Jaya, 81100 Johor Bahru.	07-3544843 / 013-7740455 / 013-7790455 rozzanna.yahya@mys. fujixerox.com	
ZJ396	Pasir Gudang SP	12A Jln Tembikai 10, Tmn Kota Masai	019-7319896	

Distribution Centres & Sales Points				
Code	(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	09-9758300
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.	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 Kuala Terengganu.	09-6660366 / 013-94336988	
ZT265E	Bandar Permaisuri Setiu SP	Depan Masjid Kg Banggol, 22100 Bdr Permaisuri Setiu.	09-6099899 / 019-9228508	
ZT278 Cni	Kuala Besut SP	777-C Depan Stesen Bas, Jln Besar, Seberang Barat, 22300 K. Besut.	09-6902868	09-6902868
ZT392	Kerteh SP	759-5, Kg Baru 24300 Kerteh Kemaman.	017-9702384 / 019-3375967 pieychi67@yahoo.com	
ZT395	Jerteh SP	No 12 Tingkat Satu Bazar MDB Jerteh 22000 Jerteh	019-9426807	
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	No A1-1, Tingkat Atas, Plaza D Mara Pekan, Jln Engku Muda Mansor, 26600 Pekan.	09-4269126 / 019-9525349	
ZC230	Bentong SP	No. 7, Gerai MDB, Atas Hentian Raya Bentong, 28700 Bentong.	09-2224120 / 016-3643240	
ZC300 Cni	Kuala Lipis SP	101A, Medan Niaga Bangunan MARA, Jln Stesen, 27200 Kuala Lipis.	09-3122176 / 019-9661966	
ZC369	Jengka SP	No E-40, SP CNI, Jln Besar Matau, Depan Giat Mara, 26400 Bandar Jengka.	09-4661379 / 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	

Distribution Centres & Sales Points				
Code	(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	084 - 321305
HC19	Petra Jaya DC	Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching.	082-428714	082 - 428714
SR82 Cni	Miri DC	Lot 586, 1st Floor, Pelita Commercial Centre, Miri-Pujut Road, 98000 Miri.	085-410117 / 085-410118 (R)	085 - 410117
SR186 Cni	Kuching DC	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jln Tun Ahmad Zaidi Adruce, 93150 Kuching.	082-424313 / 019 - 8182623	082 - 240192
SR206 Cni	Bintulu DC	189, Park City Commerce Square, 97000 Bintulu.	086-310611 / 019-8151611	086-310611
SR234	Sri Aman DC	No 6, Lot 1752, Jln Hospital, 95000 Bdr. Sri Aman.	083-325313 / 019-8195313	083 - 325313
ZSR104	Miri SP	6A, 1st Flr, Jln Parry, 98000 Miri.	085-437578 / 012-8731200	085 - 437578
ZSR155A	Sibu SP	54-C, Kg Hillir, 96000 Sibu.	084-332216 / 012-8819897	
ZSR245A	Mukah SP	83, Newtownship, 96400 Mukah.	084-871867 / 013-8063268	
SP 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.	019-8876390	
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 / 019-8178229	
ZSR389	Kapit SP	No 15B IF (B), Jln Tan Sit Leong, 96800 Kapit	019-7191978	
SABAH				
DC SBBR	Sabah Branch	Lot C6, Lorong 1A, KKIP Selatan, Kws MIEL, KKIP Jln Sepanggar, Menggatal 88460 Kota Kinabalu.	88-491100/01/02	088 - 491105
SB107	Keningau DC	Lot 18, Tkt 2 Ribumi Complex, Jln Masak, Keningau 89000.	087-333715 / 335295 (R) / 013-8658865	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, Complek 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.	089-768154 / 019-8033413	089 - 776867
SB223	Sandakan DC	Lot 19, Bdr Pasaraya Batu, Jln Labuk PPM 10 Elopura 90000 Sandakan.	089-224868 / 013-4239897 / 019-9189897	089 - 211723
SP ZSB170	Tuaran SP	1st Floor, Ph II, Lot No 13 Tmn Teo Ee, The Shopping Complex, 89200 Tuaran.	016-8125888	088 - 794928
ZSB316A	Tambunan SP	Peti Surat 14, Pekan Tambunan 89657.	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	
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	013-8549879/ 013-5429897 yes2cnilabuan@yahoo.com	087-429879

Distribution Centres & Sales Points (DC & SP)				
Code	Address	Tel	Fax	
BRUNEI				
DC BR 0001	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 Cni Hotline: 00673-2-237291	00673-2-237294
SP ZBR 336A	Kg. Junjongan SP	No. 7 Blok D, Junjongan Industrial Park Simpang 2169 Kg. Junjongan Mukim Lumapas BH2123 Brunei	00673-8644041	
ZBR 368A	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 SSP 001	Ang Mo Kio Avenue SP	Blk 202 #01-1668 Ang Mo Kio Avenue 3 Singapore 560202	02 - 92370642	



CNI HOLDINGS BERHAD 181758-A

No. of Shares Held

Proxy Form

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 Twenty-First 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, 17 June 2010 at 11.00 a.m. or any adjournment thereof.

My/Our proxy is to vote as indicated below:-

No	Resolutions	For	Against
1.	Re-election of Dato' Koh Peng Chor as Director		
2.	Re-election of Cheong Chin Tai as Director		
3.	Re-election of Dr. Ch'ng Huck Khoon as Director		
4.	Approval of the payment of Directors' fees		
5.	Re-appointment of Messrs Moore Stephens AC as Auditors and authorise the Directors to fix their remuneration		
6.	Proposed Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965		
7.	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8.	Proposed Renewal of Share Buy-Back Authority		

(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 _____ 2010

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:

- 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.
- 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.
- 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.
- 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.
- For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 49(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 11 June 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 11 June 2010 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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 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 1078
Email : info@cniholdings.com.my
www.cniholdings.com.my





CNI HOLDINGS BERHAD 181758-A

Wisma CNI, No. 2, Jalan U1/17, Seksyen U1
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40000 Shah Alam, Selangor, Malaysia

T: 603 5569 4000
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E: info@cniholdings.com.my
www.cniholdings.com.my

21 May 2010

Dear Shareholder,

RE: eDividend (Electronic Dividend) service

We are pleased to inform you that CNI Holdings Berhad (“**the Company**”) will be providing eDividend to shareholders to be implemented in the third quarter of 2010. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders’ bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

1. Benefits of eDividend

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad (“**listed issuers**”) and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorised deposit of dividend cheques.
- 1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-
 - (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
 - (b) the option to consolidate the dividends from all your Central Depository System (“**CDS**”) accounts into one bank account for better account management.

2. Registration for eDividend

- 2.1 Registration for eDividend will commence on **19 April 2010** for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“**Bursa Depository**”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker’s office where your CDS account is maintained, or downloaded from Bursa Malaysia’s website at <http://www.bursamalaysia.com>.

- 2.2 You need to submit to your stock broker’s office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-

- (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker’s verification;

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

- (b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker’s verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

3. Notification of eDividend payment after registration

3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer

- | | |
|--|---|
| 1. Affin Bank Berhad | 12. EON Bank Berhad |
| 2. Alliance Bank Malaysia Berhad | 13. Hong Leong Bank Berhad |
| 3. AmBank (M) Berhad | 14. HSBC Bank Malaysia Berhad |
| 4. Bank Islam Malaysia Berhad | 15. Malayan Banking Berhad |
| 5. Bank Muamalat Malaysia Berhad | 16. OCBC Bank (Malaysia) Berhad |
| 6. Bank Kerjasama Rakyat Malaysia Berhad | 17. Public Bank Berhad |
| 7. Bank of America | 18. RHB Bank Berhad |
| 8. Bank Simpanan Nasional | 19. Standard Chartered Bank Malaysia Berhad |
| 9. CIMB Bank | 20. The Royal Bank of Scotland Berhad |
| 10. Citibank Berhad | 21. United Overseas Bank (Malaysia) Bhd |
| 11. Deutsche Bank Berhad | |

4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purposes, you will be authorising disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

5. Briefing on eDividend

5.1 The Company has arranged for briefing on the eDividend service to shareholders at the forthcoming 21st 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, 17 June 2010 at 11.00 a.m. Should you need more details on the service, you are encourage to attend the said briefing.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact our share registrars, Symphony Share Registrars Sdn Bhd at 03-7841 8000 or our officer, Ms. Chin Yoke Kwai at 03-5569 4000 ext. 2345.

Thank you.

Yours faithfully

Dato' Koh Peng Chor

Group Executive Chairman & CEO