inilah harinya!

2010 Annual Report

CNI HOLDINGS BERHAD 181758-A

cover **rationale**

At heart, CNI believe in the human willpower to transform one's own life for the better. And in so doing, better the lives of the people closest to him or her.

But to uplift the lives of others, we first must uplift ourselves and act on the decision to make a change - today and every day. That is exactly what the phrase "Inilah Harinya" is all about, which serves as the theme of the cover and in subsequent pages in this Annual Report.

This open-ended phrase is to get people to think beyond what they read and see. It intends to positively provoke our mind in every aspect of our life, be it an opportunity or a life-changing decision. It also hopes to trigger people to make a stand in their lives…and there's no better day than today!

"Inilah Harinya" has also been the corporate theme for CNI's tactical campaign since 2010 publicised via highway billboards, newspapers ads, on our website, our marketing activities and collaterals to remind us - and others - that today is the day to make that change.

contents

vision

A dynamic organization that continuously strives to create a better life for all through shared experience and mutual support.

mission

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

financial **highlights**

YEAR ENDED 31 DECEMBER

Performance (RM'000)	**2010**	2009	2008	2007	2006
Revenue	134,441	158,512	181,886	180,122	204,006
Profit Before Taxation	3,480	10,150	23,458	27,652	34,969
Attributable Profit	2,285	6,485	16,961	20,811	25,359
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	105,726	107,954	111,272	100,944	93,467
Total Assets	134,700	141,013	149,520	137,857	144,708
Borrowings	117	299	179	206	684
Financial Ratios					
Net Earnings Per Share (sen)	0.32	0.90	2.36	2.90	3.52
Net Dividend Per Share (sen)	0.61	1.35	0.89	1.62	2.18
Net Assets Per Share (sen)	14.80	15.07	15.51	14.05	12.99
Gearing Ratio (%)	0.1%	0.3%	0.2%	0.2%	0.7%

corporate **profile**

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 shoplot to what it is today, occupying an industrial plant space of 16,314 square metres, CNI has grown steadily and consistently.

Under their stewardship, the company ventured into Brunei and Singapore besides aggressively building its network locally.

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.

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 **Today**

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

awards & **recognition**

CNI Enterprise (M) Sdn Bhd was awarded Business Ethics Excellence Award 2010 / 2011 (Big Enterprise Category) by Ministry of Domestic Trade, Co-operatives and Consumerism on 9 December 2010.

CNI Creative Centre (C3) has been endorsed as the new tourist attraction of Selangor by Tourism Selangor. The certificate presentation ceremony on 6 October 2010 was witnessed by 36 beauty pageants from the "Honey Beach" tv programme in China.

CNI signed a Memorandum of Collaboration (MoC) with Malaysian Biotechnology Corporation Sdn Bhd and Universiti Putra Malaysia to develop and produce nutraceuticals and pharmaceuticals by using an eco-friendly CO_2 technology. The ceremony was witnessed by Deputy Prime Minister, Tan Sri Muhyiddin Yassin on 1 November 2010.

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")
Supply of food and beverage

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

Agriscience Biotech (Malaysia) Sdn Bhd
Consultancy services for agriculture in biotechnology industry

corporate **calendar**

February 2010
Yayasan CNI launched its official website "www.yayasancni.org" The public are encouraged to log on to the website to obtain Yayasan's latest news, engaged in charity shopping or donate online to support the "Single Parent Family Caring Programme". Yayasan CNI had also contributed RM100,000.00 for the CNI Children Education Fund.

2-5 March 2010 & 23-27 June 2010
Exclusive Mark (M) Sdn. Bhd, a wholly owned subsidiary of CNI, took part in Japan International Food & Beverage Exhibition (FOODEX) 2010 in March. It later joined the International Halal Showcase (MIHAS) 2010 in Kuala Lumpur to promote its products and services in June.

5 March 2010
CNI was selected as one of the top 20 finalists for the StarBiz-ICR Malaysia Corporate Responsibility Awards 2009.

14 March 2010
An explosive opening of the first Healthy Living Centre in Puchong. CNI continuously explores new business channel by setting up more than 50 eSPs, an innovative and consumer-friendly new business channel.

April 2010
CNI's well-known health food products have been rebranded under a new name - Well3. The Well3 core concept is to advocate wellness and balance of the mind and body. All Well3 products are currently undergoing name and image revamp in stages.

14-17 April 2010 & 3-15 October 2010
Q-Pack (M) Sdn Bhd, a wholly owned subsidiary of CNI, joined the Vietnam Expo 2010 in April, to penetrate the Vietnamese market. In October, Q-Pack was invited by MATRADE to take part in the Malaysian Solo Fair at Phnom Penh, Cambodia to penetrate the local personal care market.

Ongoing since June 2010

"Today Is The Day" marketing campaign has created a positive word of mouth in the market. Publicity initiatives such as highway billboard advertisements, "Inilah Harinya" Convention, "Today Is The Day" Dreams Come True Motivational Convention, collaterals, corporate press advertisements and updates in social networking services helped spread the "Today Is The Day" message and transform it into a catch phrase.

4 July 2010

The official opening of the all-modern C3 (CNI Creative Centre) that comes complete with interactive information screens, product exhibits and sampling, fitness screening service and health consultation, among others. It's a product experiential centre that capitalises on customer-centred attractions and interaction to encourage better understanding of CNI star products and to create interest in CNI products.

4 July 2010

CNI Open Day was organised in conjunction with the official opening of CNI Creative Centre or C3. Distributors were encouraged to bring along their prospects to visit the new C3 and gain experiential knowledge about CNI products via the Product Experience Centre, information kiosk with interactive screens, the transformed retail outlet, 3 food and beverage outlets and new facilities and services.

August 2010

The third generation of the WaterLife series, called WaterLife System Gen 3, was launched with a 7-filter upgrade and an additional stage 8 MagCap (Magnetic Capsule) to further strengthen the water purifying and activation function.

25 October 2010

Otak-Otak Place appointed the region's popular Chinese actress, Madam Lai Meng, as their brand ambassador. At the same time, two fun contests were launched to further promote all its outlets in the Klang Valley. Prizes included cash vouchers, products hampers, free stay at Sepang Goldcoast and dining with the brand ambassador.


purified
lives
activated


Life Enzyme

innovate today

CNI Creative Centre or C3 is part of CNI’s commitment in knowledge development and innovation by providing new sensory experience and better understanding of CNI star products towards uplifting lives.

chairman's **statement**

Dato' Koh Peng Chor
Group Executive
Chairman & CEO

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 2010.

The year 2010 has been a year full of economic uncertainties with escalating inflationary pressures which have impacted many countries, including Malaysia. The Group's strategic initiatives including cost control measures and cautious approach ensured that our underlying businesses remained strong despite the rising costs and falling global demand.

The Management, however, is optimistic that its long-term strategies included a new branding direction; sales channel transformation and diversification will help sustain and strengthen the Group in the long run.

Financial Performance

CNI Group recorded a consolidated turnover of RM134.4 million, a decline of 15% as compared to RM158.5 million in 2009. 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 RM3.5 million and after tax ('PAT') of RM2.4 million for the current financial year.

Dividend

We will maintain a reasonable balance between dividend payout and funds set aside for future investment and business growth.

A total gross interim dividend of 0.61 sen per share with a total amount of RM3.3 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 0.80 sen per share with a total amount of RM4.3 million (net of tax).

Operational Review

Marketing & Trading

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

The main contributor is still the food and beverage category which commands a 43% of the direct selling unit sales figure. The popular coffee range includes products such as *CNI Tongkat Ali Coffee*, *CNI Café*, and the relatively new *Up* sub-brand range of beverage series.

CNI's well-known health food product range has been rebranded under a new name – Well3. The Well3 core concept is to advocate balance of wellness between the mind and body. All Well3 products are currently undergoing name and image revamping in stages.

The 3rd generation of the WaterLife series, WaterLife System Gen3, was launched in August 2010 with a 7th filter upgrade and an additional stage 8 MagCap (Magnetic Capsule) to further enhance the water purifying and activation functions.

> The Management is optimistic that its long-term strategies included a new branding direction; sales channel transformation and diversification will help sustain and strengthen the Group in the long run.

Looking at the direct selling unit, a total of 33,639 new distributors or members have been recruited for the year. Total membership now stands at 108,960 as at December 2010. These members are being served by 61 Distribution Centres, 103 Sales Points and 5 Branches and Retail Outlets throughout Malaysia.

A massive "Today Is The Day" campaign has created positive word of mouth in the market. Publicity initiatives such as highway billboard advertisements, "Inilah Harinya" Convention, "Today Is The Day" Dreams Come True Motivational Convention, "Inilah Harinya" theme song and hand signal, car sticker, t-shirt, corporate press advertisements and updates in social networking services were carried out to spread the "Today Is The Day" message and transform it into a catch phrase.

The CNI Open Day was organized in conjunction with the official opening of CNI Creative Centre (C3). Members were encouraged to bring along their prospects to visit the new C3 and enjoy a whole new experience at CNI via its Product Experience

Centre, retail outlet, eateries and new facilities and services.

The first Healthy Living Centre in Puchong was opened in March 2010. CNI is continuously exploring new business channels by establishing more than 100 electronic Sales Point (eSP); an innovative and consumer-friendly new distribution channel. New eSP are established in towns, housing areas, apartment blocks and villages for the convenience of suburbanites and upcountry dwellers to enjoy CNI services and products.

The information and communication technology (ICT) section 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 namely Symplesoft Sdn Bhd and Symplesoft eSolutions Sdn Bhd 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 upbeat on the growth potential and 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 companies also were affected and our revenue declined to 9% 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. Participation in exhibitions, trade fairs etc as part of our efforts to promote our products and services as well as to penetrate the overseas markets.

Currently, Exclusive Mark (M) Sdn Bhd is already exporting to other countries including Belgium, Italy, India, US, Philippines, Hong Kong, Taiwan, Japan, China and Nigeria. Also, a new coffee product called Café 99 has been introduced to the mass market and made available on shelves in major hypermarkets and supermarkets around the country including exports to various countries.

Retail - Food & Beverages

The Group has two food and beverages businesses under two brand names of *Pick n' Brew* and *Otak-Otak Place*.

Otak-Otak Place opened another two (2) outlets in C3, Glenmarie and KLCC Shopping Centre in year 2010. Appointment of the region's popular Chinese actress, Madam Lai Meng, as ambassador of *Otak-Otak Place* has brought the business to another level through the publicity of Madam Lai Meng by the press and media. Introduction of more variety of beverages using CNI products and new menu that serve Malaysian food have received promising sales.

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

Future Development

The direct selling industry is expected to further improve with the support from the Malaysian Government. This development will continue to have positive impact on the industry as Malaysia will be positioned as the Regional Hub for direct selling. The key performance indicator for 2012 is expected to be RM10 billion of sales turnover according to the projection by the Ministry of Domestic Trade, Co-operatives and Consumerism.

Based on the positive outlook, the Management is optimistic about its direct selling business and is consistently looking for new ways and method for improvement.

CNI is focusing its resources on 3 main products, namely Well3 Life Enzyme, Well 3 Royal Bee series and CNI WaterLife System via marketing strategies that are simple, effective and easily duplicated.

CNI will contribute to the biotechnology industry in Malaysian via the collaboration with Malaysian Biotechnology Corporation

Sdn Bhd and Universiti Putra Malaysia for using and exploiting the Super Critical Fluid (SCF) platform technology and the Extraction and Particle Formation applications in the production of novelty products.

The Group will make continuous efforts to develop and introduce new and upgraded products with an even higher level of methodology technology or know-how and are expected to further contribute to the Group's total revenue in the future.

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 manufacturing unit expects its export and external contracts to increase next year as orders from Indonesia, Nepal, Dubai, Thailand and Cambodia are expected to be finalized. Subsequently, its manufacturing capacity will also be optimized.

Delivering top quality products, 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 prospect for CNI is still encouraging and upbeat. Our beliefs in our people and our rudiments are strong and we will be able to overcome much looking forward.

Acknowledgement

To our valued stakeholders including shareholders, customers, business associates, regulatory bodies, various authorities and employees, thank you for your confidence in us. I look forward to your continued support as we progress ahead to achieve more for 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 & CEO
Date: 3 May 2011

group **structure**

CNI Holdings Berhad

- 100% **CNI Enterprise (M) Sdn. Bhd.**
  - 100% **Creative Network International (S) Pte. Ltd.**
- 100% **Exclusive Mark (M) Sdn. Bhd.**
- 100% **Symplesoft Sdn. Bhd.**
  - 100% **Symplesoft Esolutions Sdn. Bhd.**
- 100% **Q-Pack (M) Sdn. Bhd.**
- 100% **Infuso Sdn. Bhd.**
  - 100% **Regal Effect Sdn. Bhd.**
- 70% **Lotus Supplies Sdn. Bhd.**
- 30% **Agriscience Biotech (Malaysia) Sdn. Bhd.**

corporate **information**

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

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

Nomination Committee

Zulkifli Bin Mohamad Razali (Chairman)

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

Zulkifli Bin Mohamad Razali

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

Lim Lean Eng
(Appointed w.e.f. 17 June 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

Wisma CNI, 2 Jalan U1/17, Seksyen U1
Hicom-Glenmarie Industrial Park
40000 Shah Alam
Selangor Darul Ehsan
Tel: 03-5569 4000
Fax: 03-5569 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 8151
Helpdesk Tel: 03-7849 0777

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)

board of **directors**

Dato' Koh Peng Chor
Group Executive Chairman
& Chief Executive Officer

Tan Sia Swee
Executive Director

Dato' Koh Peng Chor, a Malaysian, aged 59, 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 four (4) Board meetings which were held during the financial year ended 31 December 2010.

Tan Sia Swee, a Malaysian, aged 51, 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 four (4) Board meetings which were held during the financial year ended 31 December 2010.

Law Yang Ket
Executive Director

Law Yang Ket, a Malaysian, aged 51, 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 four (4) Board meetings which were held during the financial year ended 31 December 2010.

Cheong Chin Tai
Executive Director

Cheong Chin Tai, a Malaysian, aged 49, was appointed to the Board of CNI on 18 September 2003. He 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 four (4) Board meetings which were held during the financial year ended 31 December 2010.

board of **directors**

Chew Boon Swee
Executive Director

Chew Boon Swee, a Malaysian, aged 51, 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 three (3) out of four (4) Board meetings which were held during the financial year ended 31 December 2010.

Zulkifli Bin Mohamad Razali
Independent Non-Executive Director

Zulkifli Bin Mohamad Razali, a Malaysian, aged 51, 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 three (3) out of four (4) Board meetings which were held during the financial year ended 31 December 2010.

Lim Lean Eng
Independent Non-Executive Director

Lim Lean Eng, a Malaysian, aged 44. He was appointed to the Board of CNI on 16 November 2007. He also serves as a member of Audit Committee, Nomination Committee and Remuneration 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 four (4) Board meetings which were held during the financial year ended 31 December 2010.

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

Dr. Ch'ng Huck Khoon, a Malaysian, aged 42, 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 pursued his Doctor of Philosophy in Finance at Universiti Sains Malaysia (USM) in 2001. He also holds a Master of Business Administration (Finance) from University of Stirling, United Kingdom in 1994. He graduated with a 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 (ICSA), United Kingdom. He was a Capital Markets Services Representative License holder with A A Anthony Securities Sdn Bhd for 15 years. He is also an Independent Non-Executive Director and Chairman of the Audit Committee of Mobif Berhad since September 2009. He is currently a Senior Lecturer at the Wawasan Open University (WOU).

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 attended three (3) Board Meetings held during his term in office in the financial year ended 31 December 2010.

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 (Revised 2007) ("Code") pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board further recognises that the principles of integrity, transparency and professionalism are key components for the Group's continued growth and success.

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 eight (8) members of whom five (5) are Executive Directors and three (3) 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.

The profile of each member of the Board is as presented on pages 18 to 21 of this Annual Report.

In his capacity as Group Executive Chairman & Chief Executive Officer (CEO), Dato' Koh Peng Chor acts as both CEO and Chairman of the Board. The Board is mindful of the convergence of the two roles, but is comfortable that there is no undue risk involved as all related party transactions are strictly dealt with in accordance with the 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 that the Directors are able to plan ahead and fit the year's Board meetings into their respective meeting schedules.

The Board usually meets at least four (4) times a year. During the financial year, the Board held a total of four (4) 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 Directors remain fully committed in carrying out their duties and responsibilities as reflected by their attendance at the 4 Board meetings held during the financial year ended 31 December 2010 as follows:

Director	**Attendance at Board Meetings**
Dato' Koh Peng Chor *Group Executive Chairman & CEO*	4/4
Tan Sia Swee *Executive Director*	4/4
Law Yang Ket *Executive Director*	4/4
Cheong Chin Tai *Executive Director*	4/4
Chew Boon Swee *Executive Director*	3/4
Zulkifli Bin Mohamad Razali *Independent Non-Executive Director*	3/4
Lim Lean Eng *Independent Non-Executive Director*	4/4
Dr. Ch'ng Huck Khoon *Independent Non-Executive Director* (Appointed w.e.f. 1 March 2010)	3/3
Thiang Kai Goh *Independent Non-Executive Director* (Resigned w.e.f. 1 March 2010)	1/1
Aggie Chew Poh Lian *Independent Non-Executive Director* (Retired w.e.f. 17 June 2010)	2/2

All Directors have thus more than adequately complied with the minimum requirement on 50% attendance at Board Meetings as stipulated in the Main Market Listing Requirements of Bursa Securities.

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 Directors of the Company and its subsidiaries ("the Group"). In 2010, 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 2010 are as follows:

Course Title	Date	No. of Hours / Days spent
Independent Directors – Actual verses Perceived Independence	30 June 2010	1 Hour
Views from the Boardroom – Challenges Director Face	30 June 2010	1 ½ Hour
Economics and Capital Market	29 December 2010	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 32 to 34 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 the 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 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 of the Company and its subsidiary companies 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 members of the EES Committee consist of all the Executive Directors of the Company and the Head of Human Resource. The EES Committee meets as and when required, and at least once a year.

The EES Committee was dissolved on 9 July 2010 as the EES of the Company was expired on 27 June 2010.

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 Senior 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		13/13		1/1		4/4
TAN SIA SWEE Executive Director				13/13		1/1	2/2	3/4
LAW YANG KET Executive Director				12/13		1/1		4/4
CHEONG CHIN TAI Executive Director				13/13	4/4	1/1	2/2	4/4
CHEW BOON SWEE Executive Director		1/1		10/13		0/1	1/2	4/4
ZULKIFLI BIN MOHAMAD RAZALI Independent Non-Executive Director	7/7	1/1	2/2					
THIANG KAI GOH Independent Non-Executive Director	1/1[1]		1/1[1]					
AGGIE CHEW POH LIAN Independent Non-Executive Director	1/2[2][4]		1/1[4]					
LIM LEAN ENG Independent Non-Executive Director	7/7	1/1[5]	2/2					
DR. CH'NG HUCK KHOON Independent Non-Executive Director	6/6[3]	1/1[3]	1/1[3]					
WONG SIEW FONG Executive Director				13/13			2/2	
KOH TIAH SIEW Executive Director				13/13	4/4			
CHEONG CHEE KEE Executive Director				13/13	2/4			
CHAN KOK LIANG Executive Director				12/13	3/4			
KOH TENG KIAT Executive Director				12/13[6]				
ONG CHUN ENG Executive Director & Head of Human Resource				12/13	4/4	0/1		
KOH HOW LOON Executive Director				11/13	2/4[6]		0/1[8]	
LOO YEE WEI Group Financial Controller					4/4[7]		1/1[8]	
IDRIL BIN IDRIS Head of Corporate Communication							1/1[8]	
CHIN YOKE KWAI Company Secretary							2/2	
Total number of meetings for 2010	**7**	**1**	**2**	**13**	**4**	**1**	**2**	**4**

Chairman **Member**

Notes:

(1) Resigned as a member/Chairman on 1 March 2010
(2) Appointed as a member on 25 February 2010
(3) Appointed as a member on 1 March 2010
(4) Resigned as a member on 17 June 2010
(5) Appointed as a member on 17 June 2010
(6) Attendance of the member and/or his/her representative
(7) Appointed as a member in February 2010
(8) Appointed as members in December 2010

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 2010 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	126,000
Salaries	3,522,757	-
Benefits in kind	47,975	-
Retirement benefits	(218,860)	-
Allowances	-	20,500
Total	**3,351,872**	**146,500**

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

	Number of Directors	
Range of remuneration	**Executive Directors (RM)**	**Non-Executive Directors (RM)**
RM0 to RM50,000	-	5
RM750,001 to RM800,000	1	-
RM900,001 to RM950,000	1	-
RM950,001 to RM1,000,000	3	-

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 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 29 to 31 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 32 to 34 of this Annual Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 April 2011.

RESPONSIBILITY

The Board of Directors ("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 to manage potential risk which may affect the achievement of the Group's corporate and business objectives.

GROUP'S RISK MANAGEMENT SYSTEM

In addition, the Group 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 provide a platform for risk management issues to be discussed and disseminated to all parts of the Group.
2. To oversee the formal development of risk management policy encompassing business, operational, compliance and financial risks.
3. To raise the level of management awareness and accountability for the business and treasury risks exposed by the Group.
4. To develop risk management as part of the culture of the Group.

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

1. Be responsible for the implementation and coordination of the Risk Management Process of the Group.
2. Be responsible for developing tools and methodologies for the identification, measurement, monitoring and control of risks encompassing business, operational, compliance and financial risks.
3. To identify and quantify all risks affecting the Group.
4. To recommend the appropriate risk appetite or level of exposure for the Group's business, operational, compliance and financial risks.
5. To provide a platform for all key risk profiles to be deliberated among RWC members and risk owners, and ensure appropriate controls are in place to manage those risks exposure.
6. Assist in cultivating a risk management culture into all major decisions, through risk education, controls and procedures.
7. Compile and submit reports highlighting key issues for RMC awareness when necessary.

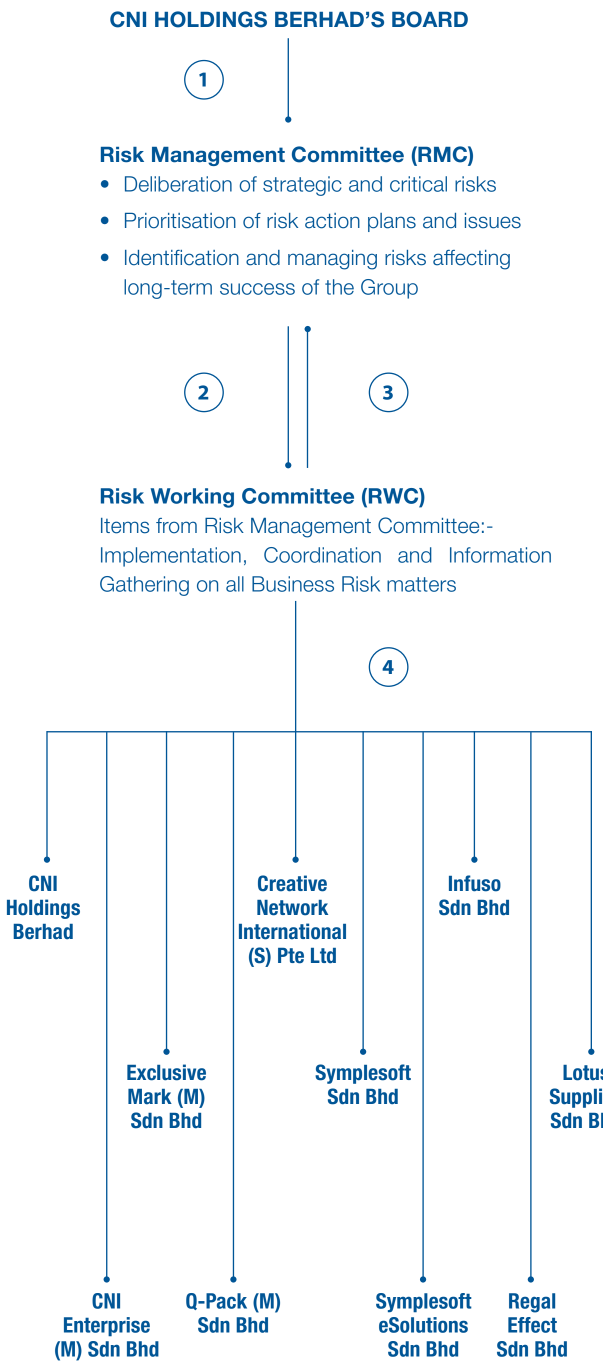
The Group also maintains risk profile databases which are categorised as follows:-

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 acknowledgement on availability of adequate preventive measure undertaken by the Management.

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

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

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

The Board and the Group's Management receive periodical financial results from each subsidiary and the Group reports quarterly to Bursa Malaysia Securities Berhad ("Bursa Securities") in compliance with the 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 briefed 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 implemented Crisis Communication Management with the objective of handling effectively the flow and dissemination of communication to the external parties such as media, government agencies and the Group's other stakeholders during a crisis.

14. An internal audit function carries out internal audits based on an annual risk-based audit plan approved by the Audit Committee. Further details of the internal audit department are set out in the Audit Committee report on pages 32 to 34 of this Annual Report.

Review of the Statement by External Auditors

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 2010 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 26 April 2011.

audit **committee report**

ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee ("Committee") meetings held during 2010 are as follows:

Name of Committee Member	Number of Committee Meetings Held	Number of Committee Meetings Attended
Dr. Ch'ng Huck Khoon *Chairman/Independent Non-Executive Director* *(Appointed w.e.f. 1 March 2010)*	6	6
Thiang Kai Goh *Chairman/Independent Non-Executive Director* *(Resigned w.e.f. 1 March 2010)*	1	1
Zulkifli Bin Mohamad Razali *Member/Independent Non-Executive Director*	7	7
Lim Lean Eng *Member/Independent Non-Executive Director*	7	7
Aggie Chew Poh Lian *Member/Independent Non-Executive Director* *(Resigned w.e.f. 17 June 2010)*	2	1

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

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.

Composition and 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 shall be appointed by the Board from amongst its Directors and shall consist of three (3) members with the majority being 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 Malaysia Securities Berhad.

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

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

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

The Board of Directors of the Company shall review 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 shall be financially literate.

2. Chairman of Audit Committee

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

3. Meetings

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

Head of Finance & Accounting Department, Head of Internal Audit Department and/or representatives of external auditors shall appear and be heard at any meetings of the Audit Committee when required by the Committee. Other Board members shall also attend the meetings upon the invitation of the Committee.

At least twice a year the Committee shall meet with the external auditors without any executive Board members present.

The Company Secretary shall be the Secretary of the Committee. The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be 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 shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolutions shall be described as "Audit Committee Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be 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.

4. 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.

5. 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 annual 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 partial 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 majority of recommendations from the reports were duly acted upon by the Management. The Internal Audit Department 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 2010 is RM250,617.00.

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 21 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 work 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.
- donating humanitarian aid worth of RM100,000 to the flood victims in Kedah and Perlis.
- donating RM5,000 worth of grocery things such as CNI Gold Meal, CNI Cocoa and Joshi Panty Liner to orphan and disable children.

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 its values.

statement of **directors' responsibility**

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 financial year ended 31 December 2010.

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 12 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 net of taxation	2,425,683	2,218,845
Profit attributable to :		
Owners of the parent	2,285,081	2,218,845
Minority interests	140,602	-
	2,425,683	2,218,845

DIVIDEND

During the financial year, the Company paid an interim dividend of RM0.008 per share less 25% tax based on 717,070,800 ordinary shares amounting to RM4,302,425 in respect of the previous financial year ended 31 December 2009 as reported in the Directors' Report of that year.

Subsequent to the financial year end, the Company declared an interim dividend of RM0.0061 per ordinary share less 25% tax based on 716,058,400 ordinary shares amounting to RM3,275,946 in respect of the current financial year paid on 15 April 2011. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2011.

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 statements of comprehensive income and statements of financial position 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 allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position 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) except for the effects arising from the change in accounting policies as disclosed in the financial statements, 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; and
(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 932,400 of its issued and fully paidordinary 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 Highest RM	Lowest RM	Average RM	Total Consideration RM
March 2010	20,000	0.235	0.235	0.235	4,746
August 2010	327,400	0.205	0.205	0.205	76,900
September 2010	540,000	0.200	0.195	0.198	107,630
	932,400				189,276

Further relevant details of the treasury shares are disclosed in Note 25 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
LIM LEAN ENG
DR. CH'NG HUCK KHOON
AGGIE CHEW POH LIAN (Retired on 17.06.2010)

DIRECTORS' INTERESTS

The interests of the Directors in office 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 1.1.10	Bought	Sold	At 31.12.10
Direct Interest					
Dato' Koh Peng Chor		2,490,240	-	-	2,490,240
Law Yang Ket		1,387,752	3,304,146	-	4,691,898
Cheong Chin Tai		1,200,000	300,000	(840,000)	660,000
Chew Boon Swee		1,128,614	-	-	1,128,614
Lim Lean Eng		1,083,360	-	-	1,083,360
Dr. Ch'ng Huck Khoon		1,000	-	-	1,000
Indirect Interest					
Dato' Koh Peng Chor	*	373,275,443	7,548,800	(5,352,080)	375,472,163
Tan Sia Swee	*	25,933,380	7,841,900	(6,172,400)	27,602,880
Lim Lean Eng	**	62,520	-	-	62,520
Law Yang Ket	**	-	3,000,000	-	3,000,000

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

		Number of Ordinary Shares of RM1 each			
		At 1.1.10	Bought	Sold	At 31.12.10
Direct Interest					
Dato' Koh Peng Chor		6,013	4,600	-	10,613
Law Yang Ket		35,364	-	-	35,364
Cheong Chin Tai		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 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for the deemed benefit which may arise from transactions entered into in the ordinary course of business as disclosed in Note 39 to the financial statements.

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

SIGNIFICANT EVENT

Significant event arising during the financial year is disclosed in Note 42 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 26 April 2011.

DATO' KOH PENG CHOR

TAN SIA SWEE

statement by **directors & statutory declaration**

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, do hereby state that, in the opinion ofthe Directors, the accompanying financial statements as set out on pages 10 to 89 are drawn up inaccordance with the provisions of Financial Reporting Standards and 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 at 31 December 2010 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 46 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 April 2011.

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 10 to 89 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 26 April 2011

LOO YEE WEI

Before me

PESURUHJAYA SUMPAH
No. W 561
FAUZILAWATI
BINTI ISHAK
MALAYSIA

FAUZILAWATI BINTI ISHAK (No. W 561)
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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 89.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgement, 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 entity's preparation of the financial statements that give a true and fair view 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 entity'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 at 31 December 2010 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 subsidiary companies 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 company of which we have not acted as auditors, which is indicated in Note 12 to the financial statements.

c) We are satisfied that the financial statements of the subsidiary companies 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 subsidiary companies 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.

Other Reporting Responsibilities

The supplementary information set out in Note 46 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

MOORE STEPHENS AC
Chartered Accountants
AF 001826

DATO' CHONG KWONG CHIN, DIMP., JP
707/04/12 (J/PH)
Chartered Accountant

Kuala Lumpur
26 April 2011

consolidated statement of **comprehensive income**

for the year ended 31december 2010

	Note	2010 RM	2009 RM
Operating revenue	4	134,441,075	158,512,278
Direct operating costs	5	(55,240,441)	(59,314,521)
Gross profit		79,200,634	99,197,757
Other operating revenue		3,208,745	2,747,810
Administrative costs		(23,469,391)	(26,088,111)
Distribution costs		(51,802,363)	(61,359,819)
Other operating costs		(2,798,231)	(3,382,421)
		(78,069,985)	(90,830,351)
Profit from operations		4,339,394	11,115,216
Finance costs		(844,892)	(964,888)
Share of loss of associated company		(14,587)	-
Profit before taxation	6	3,479,915	10,150,328
Taxation	7	(1,054,232)	(3,602,202)
Profit net of taxation		2,425,683	6,548,126
Other comprehensive income:			
Foreign currency translation		(8,851)	(11,640)
Total comprehensive income for the year		2,416,832	6,536,486

consolidated statement of **comprehensive income**

for the year ended 31 december 2010 (cont'd)

	Note	2010 RM	2009 RM
Profit attributable to:			
Owners of the parent		2,285,081	6,484,540
Minority interest		140,602	63,586
		2,425,683	6,548,126
Total comprehensive income attributable to:			
Owners of the parent		2,276,230	6,472,900
Minority interest		140,602	63,586
		2,416,832	6,536,486
Earnings per share attributable to owners of the parent			
Earnings per share (sen)	8	0.32	0.90

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

consolidated statement of **financial position**

as at 31 december 2010

	Note	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	45,430,313	46,944,145
Capital work-in-progress	10	1	1
Investment properties	11	9,380,000	9,113,000
Investment in associated company	13	3,413	-
Investments	14	2,500,000	500,000
Goodwill	15	-	98,140
Other intangible assets	16	2,937,838	2,695,365
Other receivables, deposits and prepayments	17	17,155	88,846
Deferred tax assets	18	3,342,098	3,221,912
		63,610,818	62,661,409
Current assets			
Inventories	19	16,777,871	20,414,860
Trade receivables	20	9,407,323	9,979,912
Other receivables, deposits and prepayments	17	2,788,780	3,932,129
Investments	14	24,161,975	2,081,883
Tax assets	22	2,029,265	1,106,362
Cash and bank balances	23	15,923,842	40,836,091
		71,089,056	78,351,237
TOTAL ASSETS		134,699,874	141,012,646

	Note	2010 RM	2009 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	24	72,000,000	72,000,000
Treasury shares	25	(1,301,800)	(1,112,524)
Retained earnings		35,043,576	37,060,920
Other reserves	26	(15,383)	6,246
		105,726,393	107,954,642
Minority interest		341,922	201,320
Total Equity		106,068,315	108,155,962
Liabilities			
Non-current liabilities			
Finance lease payables	27	-	2,282
Term loan	28	85,821	113,712
Retirement benefits	29	14,777,982	14,996,842
Deferred tax liabilities	18	2,279,800	2,456,900
		17,143,603	17,569,736
Current liabilities			
Trade payables	30	2,145,394	1,879,423
Other payables, deposits and accruals	31	9,137,440	12,803,517
Provision for employees benefits	32	150,403	249,577
Bank overdraft	33	-	150,748
Finance lease payables	27	2,283	5,020
Term loan	28	28,396	26,763
Taxation		24,040	171,900
		11,487,956	15,286,948
Total Liabilities		28,631,559	32,856,684
TOTAL EQUITY AND LIABILITIES		134,699,874	141,012,646

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 2010

		Attributable to Owners of the Parent								
		Non-Distributable		Distributable	Non-Distributable					
	Note	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Translation Reserves RM	Fair Value Adjustment Reserves RM	Total Other Reserves RM	Total Equity Attributable to Owners of the Parent RM	Minority Interest RM	Total Equity RM
Balance at 1 January 2009		72,000,000	(985,793)	40,263,078	(5,394)	-	(5,394)	111,271,891	137,734	111,409,625
Total comprehensive income		-	-	6,484,540	11,640	-	11,640	6,496,180	63,586	6,559,766
Transactions with owners										
Purchase of treasury shares	25	-	(126,731)	-	-	-	-	(126,731)	-	(126,731)
Dividends on ordinary shares	34	-	-	(9,686,698)	-	-	-	(9,686,698)	-	(9,686,698)
Total transactions with owner		-	(126,731)	(9,686,698)	-	-	-	(9,813,429)	-	(9,813,429)
Balance at 31 December 2009		72,000,000	(1,112,524)	37,060,920	6,246	-	6,246	107,954,642	201,320	108,155,962

		← Attributable to Owners of the Parent →								
		← Non-Distributable →		Distributable	← Non-Distributable →					
	Note	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Translation Reserves RM	Fair Value Adjustment Reserves RM	Total Other Reserves RM	Total Equity Attributable to Owners of the Parent RM	Minority Interest RM	Total Equity RM
Balance at 1 January 2010		72,000,000	(1,112,524)	37,060,920	6,246	-	6,246	107,954,642	201,320	108,155,962
Effect of adopting FRS 139		-	-	-	-	(12,778)	(12,778)	(12,778)	-	(12,778)
		72,000,000	(1,112,524)	37,060,920	6,246	(12,778)	(6,532)	107,941,864	201,320	108,143,184
Total comprehensive income		-	-	2,285,081	(8,851)	-	(8,851)	2,276,230	140,602	2,416,832
Transactions with owners										
Purchase of treasury shares	25	-	(189,276)	-	-	-	-	(189,276)	-	(189,276)
Dividends on ordinary shares	34	-	-	(4,302,425)	-	-	-	(4,302,425)	-	(4,302,425)
Total transactions with owner		-	(189,276)	(4,302,425)	-	-	-	(4,491,701)	-	(4,491,701)
Balance at 31 December 2010		72,000,000	(1,301,800)	35,043,576	(2,605)	(12,778)	(15,383)	105,726,393	341,922	106,068,315

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

consolidated statement of **cash flows**

for the year ended 31 december 2010

	Note	2010 RM	2009 RM
Cash Flows from Operating Activities			
Profit before taxation		3,479,915	10,150,328
Adjustments for:-			
Bad debts written off		144,924	66,916
Amortisation of other intangible assets		398,473	276,375
Change in fair value of investment properties		(267,000)	(70,000)
Commission payable written back		(282,824)	-
Depreciation of property, plant and equipment		4,101,305	4,169,343
Unrealised loss/(gain) on foreign exchange		303,746	(187,831)
Loss on disposal of property, plant and equipment		12,235	16,501
Loss on disposal of intangible assets		930	-
Property, plant and equipment written off		295,954	658,108
Inventories written off		1,209,804	1,844,389
(Reversal)/Impairment loss on property, plant and equipment		(269,236)	269,236
Retirement benefits (income)/expense		(218,860)	1,085,743
Provision for employee benefits		148,249	249,577
Interest expense		24,114	188,898
Investment income		(69,927)	(50,557)
Interest revenue		(640,046)	(670,185)
Impairment loss on goodwill on consolidation		98,140	-
Impairment loss recognised on trade receivables		286,848	-
Fair value adjustment reserves		(12,778)	-
Share of results of associated company		14,587	-
Operating profit before working capital changes		8,758,553	17,996,841
Decrease in inventories		2,427,185	5,429,730
Decrease/(Increase) in receivables		1,122,038	(1,778,918)
Decrease in payables		(3,364,705)	(5,085,783)
Cash generated from operations		8,943,071	16,561,870
Interest paid		(24,114)	(188,898)
Interest received		640,046	670,185
Tax paid		(2,422,281)	(4,601,205)
Net cash generated from operating activities carried down		7,136,722	12,441,952

	Note	2010 RM	2009 RM
Net cash generated from operating activities brought down		7,136,722	12,441,952
Cash Flows from Investing Activities			
Investment in associated company		(18,000)	-
Purchase of investments		(2,000,000)	(500,000)
Purchase of property, plant and equipment		(3,030,257)	(2,729,450)
Purchase of intangible assets		(644,870)	(923,533)
Proceeds from disposal of property, plant and equipment		341,136	357,495
Proceeds from disposal of other intangible assets		4,422	-
Net cash used in investing activities		(5,347,569)	(3,795,488)
Cash Flows from Financing Activities			
Repayment of term loans		(26,258)	(25,099)
Purchase of treasury shares		(189,276)	(126,731)
Repayment of hire purchase liabilities		(5,019)	(6,360)
Dividend paid		(4,302,425)	(9,686,698)
Net cash used in financing activities		(4,522,978)	(9,844,888)
Effect of exchange rate changes		52,416	5,958
Net decrease in cash and cash equivalents		(2,681,409)	(1,192,466)
Cash and cash equivalents at beginning of the year		42,767,226	43,959,692
Cash and cash equivalents at end of the year	36	40,085,817	42,767,226

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

statement of **comprehensive income**

for the year ended 31 december 2010

	Note	2010 RM	2009 RM
Operating revenue	4	9,816,920	20,048,174
Direct operating costs	5	(106,628)	(98,593)
Gross profit		9,710,292	19,949,581
Other operating revenue		621,617	473,627
Administrative costs		(6,925,072)	(5,745,100)
Other operating costs		(90,581)	(147,196)
		(7,015,653)	(5,892,296)
Profit from operations		3,316,256	14,530,912
Finance costs		(7,098)	(5,778)
Profit before taxation	6	3,309,158	14,525,134
Taxation	7	(1,090,313)	(3,404,890)
Profit net of taxation		2,218,845	11,120,244
Other comprehensive income:			
Fair value (loss)/gain on available-for-sale financial assets	26(b)	(9,690,996)	32,725,393
Total comprehensive income for the year		(7,472,151)	43,845,637

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

statement of **financial position**

as at 31 december 2010

	Note	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	649,969	470,594
Investment properties	11	9,380,000	9,113,000
Investment in subsidiary companies	12	83,168,802	92,259,798
Investment in associated company	13	18,000	-
Investments	14	2,000,000	-
Other intangible assets	16	21,404	18,456
Deferred tax assets	18	1,074,400	874,700
		96,312,575	102,736,548
Current assets			
Inventories	19	480	-
Trade receivables	20	96,744	36,452
Other receivables, deposits and prepayments	17	211,159	161,700
Amount owing by subsidiary companies	21	16,211,974	13,970,373
Tax assets	22	645,201	348,395
Investments	14	1,000,000	-
Cash and bank balances	23	1,168,034	6,833,804
		19,333,592	21,350,724
TOTAL ASSETS		115,646,167	124,087,272

statement of **financial position**
as at 31 december 2010 (cont'd)

	Note	2010 RM	2009 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	24	72,000,000	72,000,000
Treasury shares	25	(1,301,800)	(1,112,524)
Retained earnings		9,653,226	11,736,806
Other reserves	26	23,034,397	32,725,393
Total Equity		103,385,823	115,349,675
Liabilities			
Non-current liabilities			
Retirement benefits	29	11,818,520	8,356,975
Current liabilities			
Other payables, deposits and accruals	31	352,076	344,007
Provision for employees benefits	32	89,748	36,615
		441,824	380,622
Total Liabilities		12,260,344	8,737,597
TOTAL EQUITY AND LIABILITIES		115,646,167	124,087,272

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 2010

	Note	Non-Distributable		Distributable	Non-Distributable	
		Share Capital RM	Treasury Shares RM	Retained Earnings RM	Fair Value Adjustment Reserve RM	Total Equity RM
Balance at 1 January 2009		72,000,000	(985,793)	10,303,260	-	81,317,467
Total comprehensive income		-	-	11,120,244	32,725,393	43,845,637
Transactions with owners						
Purchase of treasury shares	25	-	(126,731)	-	-	(126,731)
Dividends on ordinary shares	34	-	-	(9,686,698)	-	(9,686,698)
Total transactions with owners		-	(126,731)	(9,686,698)	-	(9,813,429)
Balance at 31 December 2009		72,000,000	(1,112,524)	11,736,806	32,725,393	115,349,675

statement of **changes in equity**

for the year ended 31 december 2010 (cont'd)

	Note	← Non-Distributable	→	Distributable	Non-Distributable	
					Fair Value	
	Note	Share Capital	Treasury Shares	Retained Earnings	Adjustment Reserve	Total Equity
		RM	RM	RM	RM	RM
Balance at 1 January 2010		72,000,000	(1,112,524)	11,736,806	32,725,393	115,349,675
Total comprehensive income		-	-	2,218,845	(9,690,996)	(7,472,151)
Transactions with owners						
Purchase of treasury shares	25	-	(189,276)	-	-	(189,276)
Dividends on ordinary shares	34	-	-	(4,302,425)	-	(4,302,425)
Total transactions with owners		-	(189,276)	(4,302,425)	-	(4,491,701)
Balance at 31 December 2010		72,000,000	(1,301,800)	9,653,226	23,034,397	103,385,823

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

statement of **cash flows**

for the year ended 31 december 2010

	Note	2010 RM	2009 RM
Cash Flows from Operating Activities			
Profit before taxation		3,309,158	14,525,134
Adjustments for:			
Amortisation of intangible assets		2,492	-
Bad debts written off		1,000	-
Depreciation of property, plant and equipment		91,703	72,758
Retirement benefits expense		814,543	448,465
Retirement benefits transferred to/(from) subsidiary company		2,647,002	(2,647,002)
Gain on disposal of property, plant and equipment		-	(2,927)
Property, plant and equipment written off		1	296
Provision for employee benefits		89,748	36,615
Interest expense		6	-
Change in fair value of investment properties		(267,000)	(70,000)
Dividend revenue		(4,400,000)	(13,001,309)
Interest revenue		(351,201)	(393,043)
Operating profit/(loss) before working capital changes		1,937,452	(1,031,013)
Increase in inventories		(480)	-
Increase in receivables		(110,751)	(19,721)
Decrease in payables		(28,546)	(407,974)
Cash generated from/(used in) operations		1,797,675	(1,458,708)
Dividend received		3,300,000	9,750,982
Interest paid		(6)	-
Interest received		351,201	393,043
Tax paid		(486,819)	(404,769)
Net cash generated from operating activities		4,962,051	8,280,548
Balance carried down		4,962,051	8,280,548

statement of **cash flows**

for the year ended 31 december 2010 (cont'd)

	Note	2010 RM	2009 RM
Balance brought down		4,962,051	8,280,548
Cash Flows from Investing Activities			
Advances to subsidiary companies		(2,241,601)	(1,272,074)
Purchase of investments		(2,000,000)	-
Additional investment in subsidiary companies		(600,000)	(1,000,000)
Impairment on investment in subsidiary companies		-	-
Investment in associated company		(18,000)	-
Proceeds from disposal of property, plant and equipment		285	280,992
Purchase of intangible assets		(5,440)	-
Purchase of property, plant and equipment		(271,364)	(16,057)
Net cash used in investing activities		(5,136,120)	(2,007,139)
Cash Flows from Financing Activities			
Purchase of treasury shares		(189,276)	(126,731)
Dividend paid		(4,302,425)	(9,686,698)
Net cash used in financing activities		(4,491,701)	(9,813,429)
Net decrease in cash and cash equivalents		(4,665,770)	(3,540,020)
Cash and cash equivalents at beginning of the year		6,833,804	10,373,824
Cash and cash equivalents at end of the year	36	2,168,034	6,833,804

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 12. 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 26 April 2011.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and 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, Issues Committee ("IC") Interpretations and Technical Releases ("TR") adopted

At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs, Amendments to FRSs, IC Interpretations and TR as follows:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
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
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and revised FRSs, Amendments to FRS, Issues Committee ("IC") Interpretations and Technical Releases ("TR") adopted (cont'd)

Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions

The adoption of the above FRSs, Amendments, Interpretations and TR does not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 41.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)
New and revised FRSs, Amendments to FRS, Issues Committee ("IC") Interpretations and Technical Releases ("TR") adopted (cont'd)

` ***FRS 101 Presentation of Financial Statements (Revised)***

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line labeled as total comprehensive income.

The Standard also introduces the statements of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have opted for the single statement for statements of comprehensive income.

A statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised Standard also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objective, policies and processes for managing capital.

The revised Standard was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Impairment of trade receivables
Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

Staff car loans
During the current and prior years, the Group granted car loans to its employees with interest rates ranging from 0.5% to 3.5%. Prior to 1 January 2010, these car loans were recorded at cost in the financial statements of the Group. Upon the adoption of FRS 139, these car loans are recorded initially at their fair values that are lower than costs. The difference between the fair value and the absolute loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses. Subsequent to initial recognition, the loans are measured at amortised cost.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and revised FRSs, Amendments to FRS, IC Interpretations and TR 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, IC Interpretations and TR 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 124	Related Party Disclosures (Revised)	1 January 2012
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)		1 January 2011
Additional Exemptions for First-time Adopters (Amendments to FRS 1)		1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)		1 January 2011
Amendments to FRS 2 Share-based Payment		1 July 2010
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions		1 January 2011
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations		1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation		1 March 2010
Amendments to FRS 138 Intangible Assets		1 July 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"		1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Arrangements for the Construction of Real Estate	1 January 2012
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
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 4: Prepayments of a Minimum Funding Requirement		1 July 2011
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives		1 July 2010
TR 3	Guidance on Disclosures of Transition to IFRSs	31 December 2010
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

The adoption of these FRSs, Amendments to FRSs, IC Interpretations and TR is not expected to have any significant impact on the results and financial position of the Group and of the Company in the period of initial adoption except for the revised FRS 3 and the amendments to FRS 127 as described below.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)
New and revised FRSs, Amendments to FRS, IC Interpretations and TR issued but not yet effective (cont'd)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements
The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

(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 reporting 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.

2. BASIS OF PREPARATION (cont'd)

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

(v) Operating lease commitments – as lessor – The Group and the Company have entered into commercial property leases on its investments properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group and the Company evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases.

Management judged that it retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

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 12 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. Adjustments to those fair values relating to previously held interests are treated as revaluation and recognised in other comprehensive income. 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 and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

(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 classified as available-for-sale financial assets, in the Company's financial statements. The policy for the recognition and derecognition of investments in subsidiaries is disclosed in Note 3(h).

(c) Associated Company

An associated company is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Associated Company (cont'd)

The Group's investments in associated company are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to associated company is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognised further losses, unless it has incurred obligations or made payments on behalf of the associated company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associated company. The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognised the amount in profit or loss.

The financial statements of the associated company are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

(d) 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 statement of comprehensive income.

(e) Other Intangible Assets

i. Computer software

Computer software acquired separately is 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 reporting 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) 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 statement of comprehensive income 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. These are adjusted prospectively, if appropriate.

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 statement of comprehensive income.

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.

(g) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

i. Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

ii. Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

The Group and the Company classify the following financial assets as loan and receivables:
- cash and cash equivalents;
- trade and other receivables including amount owing by subsidiaries companies.

iii. Available-for-sale Financial Assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-fora-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial Assets (cont'd)

iii. Available-for-sale Financial Assets (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

i) 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.

(j) 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.

(k) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at each reporting 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 profit or loss.

Any subsequent increase in recoverable amount 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 profit or loss.

(l) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of Financial Assets (cont'd)

i. Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

ii. Unquoted Equity Securities Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

iii. Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(n) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Treasury Shares

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

(p) 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 reporting 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.

(q) Leases

i. Finance Leases – the Group as Lessee

Assets acquired by way of 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 profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 and the Company as Lessor

Assets leased out under operating leases are presented on the statement of financial position 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.

(r) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Term loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Financial Liabilities (cont'd)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(s) Taxation

Taxation in the profit or loss 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. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax 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 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(t) 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 profit or loss 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 reporting 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Employee Benefits (cont'd)

iii. Retirement Benefit Plans (cont'd)

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 on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

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 profit or loss over the expected average remaining working lives of the directors participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(u) 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 reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting 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.

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 reporting date presented are translated at the closing rate prevailing at the reporting date;
(ii) Income and expenses 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 other comprehensive income.

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 reporting 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) 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 on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

iii. Dividend revenue

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

iv. Interest revenue

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

v. Management Fees

Management fees are recognised when services are rendered.

(w) Borrowing Costs

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

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(x) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(z) Contingencies

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

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

4. OPERATING REVENUE

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Sales of goods	128,365,720	154,515,270	-	-
Sale of food and beverages	5,738,415	3,596,068	-	-
Management fees	-	-	5,052,980	6,645,925
Rental revenue from investment properties	336,940	400,940	363,940	400,940
Dividend revenue	-	-	4,400,000	13,001,309
	134,441,075	158,512,278	9,816,920	20,048,174

5. DIRECT OPERATING COSTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cost of sales	48,814,967	54,268,483	-	-
Cost of food and beverages sold	6,318,846	4,947,445	-	-
Operating expenses of investment properties - income generating	106,628	98,593	106,628	98,593
	55,240,441	59,314,521	106,628	98,593

5 . PROFIT BEFORE TAXATION

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

(a) Other items

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Amortisation of other intangible assets	398,473	276,375	2,492	-
Auditors' remuneration				
- statutory audits	176,347	170,300	10,000	8,000
- other services	8,000	8,000	8,000	8,000
Bad debts written off	144,924	66,916	1,000	-
Change in fair value of investment properties	(267,000)	(70,000)	(267,000)	(70,000)
Commission payable written back	(282,824)	-	-	-
Depreciation of property, plant and equipment	4,101,305	4,169,343	91,703	72,758
(Reversal)/Impairment loss of property, plant and equipment	(269,236)	269,236	-	-
Impairment loss recognised on trade receivables	286,848	-	-	-
Impairment loss on goodwill on consolidation	98,140	-	-	-
Interest expense	24,114	188,898	6	-
Interest revenue	(640,046)	(670,185)	(351,201)	(393,043)
Inventories written off	1,209,804	1,844,389	-	-
Investment income	(69,927)	(50,557)	-	-
Loss/(Gain) on disposal of property, plant and equipment	12,235	16,501	-	(2,927)
Loss on disposal of intangible assets	930	-	-	-
Loss/(Gain) on foreign exchange				
- realised	351,236	103,857	-	10
- unrealised	303,746	(187,831)	-	-
Other rental revenue	(640,375)	(389,180)	-	-
Property, plant and equipment written off	295,954	658,108	1	296
Rental of premises	2,708,839	2,671,043	182,520	182,520
Employees benefit expenses (i)	25,503,144	28,891,405	5,459,846	4,463,489

6. PROFIT BEFORE TAXATION (cont'd)

(a) Other items (cont'd)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
(i) Included in employees benefit expenses are:-				
Social security contributions and contributions to defined contribution plan	1,992,532	2,013,842	248,007	166,654
Directors' remuneration	3,498,372	6,752,517	3,099,696	3,048,481
Provision for employee benefits	148,249	249,577	89,748	36,615

(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 (Retired on 17.06.2010)
Lim Lean Eng
Dr Ch'ng Huck Khoon

6. PROFIT BEFORE TAXATION (cont'd)

(b) Directors' remuneration (cont'd)

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive Directors				
- fees	-	184,000	-	80,000
- emoluments	3,522,757	5,230,263	2,111,928	2,321,416
- retirement benefits	(218,860)	1,085,743	814,543	448,465
	3,303,897	6,500,006	2,926,471	2,849,881
Non-executive Directors				
- fees	126,000	144,000	126,000	144,000
- emoluments	20,500	38,500	20,500	38,500
	146,500	182,500	146,500	182,500
Total remuneration (excluding benefit-in-kind)	3,450,397	6,682,506	3,072,971	3,032,381
Estimated money value of benefit-in-kind	47,975	70,011	26,725	16,100
Total remuneration (including benefit-in-kind)	3,498,372	6,752,517	3,099,696	3,048,481

7. TAXATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Statement of comprehensive income:				
Current income tax				
Based on results for the year - Malaysian tax	1,518,952	3,762,835	1,284,600	3,849,200
(Over)/under provision of taxation in prior year	(167,434)	(147,352)	5,413	(113,610)
	1,351,518	3,615,483	1,290,013	3,735,590
Deferred tax				
Reversal of temporary differences (Note 18)	(297,286)	(13,281)	(199,700)	(330,700)
Tax expense	1,054,232	3,602,202	1,090,313	3,404,890

7. TAXATION (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year. 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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit before taxation	3,479,915	10,150,328	3,309,158	14,525,134
Tax at the Malaysian statutory income tax rate of 25%	870,000	2,537,600	827,290	3,631,300
Effect of different tax rates in foreign jurisdiction	24,200	(41,700)	-	-
Tax effects arising from:-				
- non-deductible expenses	844,966	996,654	310,010	170,400
- double deduction expenses	(106,900)	(117,100)	-	-
- non-taxable revenue	(860,900)	(30,200)	-	-
Utilisation of deferred tax assets previously not recognised	-	(31,100)	-	-
(Over)/Under provision of income tax in prior year	(167,434)	(147,352)	5,413	(113,610)
(Over)/Under provision of deferred tax in prior year	(1,000)	(165,300)	1,000	(269,200)
Effect of differential tax rate on deferred tax	(53,400)	(14,000)	(53,400)	(14,000)
Deferred tax assets not recognised during the year	504,700	614,700	-	-
Tax expense	1,054,232	3,602,202	1,090,313	3,404,890

Prior to the year of assessment 2009, 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 2009 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010, 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 RM6,791,829 (2009 : RM4,613,682) and RM2,983,100 (2009 : RM831,700) respectively.

8. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the Group's profit for the yearattributable to owners of the parent of RM2,285,081 (2009 : RM6,484,540) by the weighted average number of ordinary share in issue during the year of 716,755,892 (2009 : 717,643,619) 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.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Furniture, Fittings, Renovation & Office Equipment RM	Total RM
Cost						
At 1.1.10	4,621,097	33,167,077	22,344,350	4,719,093	16,513,454	81,365,071
Reclassified to other intangible assets (note 16)	-	-	-	-	(27,635)	(27,635)
Additions	-	109,836	125,053	424,250	2,371,118	3,030,257
Disposals	-	-	(53,500)	(321,900)	(138,445)	(513,845)
Written off	-	(27,000)	(32,779)	-	(931,572)	(991,351)
Translation adjustments	-	-	-	-	(65,087)	(65,087)
At 31.12.10	4,621,097	33,249,913	22,383,124	4,821,443	17,721,833	82,797,410
Accumulated Depreciation						
At 1.1.10	-	7,022,116	15,319,645	2,679,515	9,399,650	34,420,926
Charge for the year	-	665,003	1,609,177	465,949	1,361,176	4,101,305
Reclassified to other intangible assets (note 16)	-	-	-	-	(26,207)	(26,207)
Disposals	-	-	(31,733)	(66,961)	(61,780)	(160,474)
Written off	-	(4,140)	(30,747)	-	(660,510)	(695,397)
Reversal of Impairment loss	-	(139,750)	-	-	(129,486)	(269,236)
Translation adjustments	-	-	-	-	(3,820)	(3,820)
At 31.12.10	-	7,543,229	16,866,342	3,078,503	9,879,023	37,367,097
Net Carrying Amount						
At 31.12.10	4,621,097	25,706,684	5,516,782	1,742,940	7,842,810	45,430,313

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

Group	Freehold Land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Furniture, Fittings, Renovation & Office Equipment RM	Total 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 16)	-	-	-	-	(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 16)	-	-	-	-	(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

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

Company	Office Equipment, Furniture & Fittings RM	Motor Vehicles RM	Electrical Installation RM	Computer Hardware RM	Total RM
Cost					
At 1.1.10	19,149	601,778	3,995	67,835	692,757
Additions	399	255,234	-	15,731	271,364
Disposal	-	-	-	(300)	(300)
Written off	(126)	-	-	-	(126)
At 31.12.10	19,422	857,012	3,995	83,266	963,695
Accumulated Depreciation					
At 1.1.10	14,473	190,564	3,621	13,505	222,163
Charge for the year	647	83,574	37	7,445	91,703
Disposal	-	-	-	(15)	(15)
Written off	(125)	-	-	-	(125)
At 31.12.10	14,995	274,138	3,658	20,935	313,726
Net Carrying Amount					
At 31.12.10	4,427	582,874	337	62,331	649,969
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 16)	-	-	-	(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 16)	-	-	-	(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

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

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

	Group 2010 RM	Group 2009 RM
Office equipment	14,625	17,459

10. CAPITAL WORK-IN-PROGRESS

	Group 2010 RM	Group 2009 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 28.

11. INVESTMENT PROPERTIES

	Group/Company 2010 RM	Group/Company 2009 RM
At fair value		
At beginning of the year	9,113,000	9,043,000
Change in fair value	267,000	70,000
At end of the year	9,380,000	9,113,000

The following investment properties are held under lease terms:-

	2010 RM	2009 RM
Leasehold shophouse	800,000	780,000
Leasehold shoplots	8,350,000	8,108,000
Leasehold condominium	230,000	225,000
	9,380,000	9,113,000

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

12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2010 RM	Company 2009 RM
Available-for-sale financial assets		
- Unquoted shares		
Carrying amount	92,259,798	92,259,798
Additions	600,000	-
Fair value loss	(9,690,996)	-
Net carrying amount	83,168,802	92,259,798

Prior to 1 January 2010, the investment was carried at cost or revalued amount less accumulated impairment losses, if any.

The particulars of subsidiary companies are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2010	Effective Equity Interest 2009
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	Supply of food and beverage	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%	100%

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

\# 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.

13. INVESTMENT IN ASSOCIATED COMPANY

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares, at cost	18,000	-	18,000	-
Share of post-acquisition reserves	(14,587)	-	-	-
Net carrying amount	3,413	-	18,000	-

The particular of associated company is as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2010	Effective Equity Interest 2009
Agriscience Biotech (M) Sdn. Bhd.	Malaysia	Consultancy services for agriculture in biotechnology industry	30%	-

The financial statements of the above associated company are coterminous with those of the Group.

The summarised financial information of the associated company is as follows:

	Group	
	2010 RM	2009 RM
Assets and liabilities		
Current assets	29,970	-
Non-current assets	2,831	-
Total assets	32,801	-
Current liabilities, representing total liabilities	21,425	-
Results		
Revenue	-	-
Loss for the year	(48,624)	-

14. INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Non-current				
Available-for-sale financial assets				
- Equity instruments (unquoted), at cost	2,500,000	500,000	2,000,000	-
Current				
Held for trading investments				
- Unit trusts (quoted in Malaysia)	24,161,975	2,081,883	1,000,000	-
Total investments	26,661,975	2,581,883	3,000,000	-
Market value of quoted investments	24,161,975	2,081,883	1,000,000	-

Prior to 1 January 2010, these investments were carried at lower of cost and market value, determined on aggregate basis.

The fair value information has not been disclosed for the unquoted equity instruments as its fair value cannot be measured reliably. The unquoted equity instruments are in respect of shares of which no active market is available.

15. GOODWILL

	Group	
	2010	2009
	RM	RM
Cost		
At beginning of the year	219,111	219,111
Accumulated Impairment		
At beginning of the year	120,971	120,971
Charge for the year	98,140	-
At end of the year	219,111	120,971
Carrying amount	-	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 one year period. The key assumptions used for value-in-use calculations are:

15. GOODWILL (cont'd)

	Group 2010 RM	Group 2009 RM
Key assumptions used in value-in-use calculations		
Gross margin	-	72%
Growth rate	-	15%
Discount rate	-	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 its recoverable amount.

16. OTHER INTANGIBLE ASSETS

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cost				
At beginning of the year	4,630,581	29,079	22,476	-
Additions	644,870	923,533	5,440	-
Reclassified from property, plant and equipment (note 9)	27,635	3,677,969	-	22,476
Disposal	(6,761)	-	-	-
At end of the year	5,296,325	4,630,581	27,916	22,476
Amortisation				
At beginning of the year	1,935,216	4,286	4,020	-
Charge for the year	398,473	276,375	2,492	-
Reclassified from property, plant and equipment (note 9)	26,207	1,654,555	-	4,020
Disposal	(1,409)	-	-	-
At end of the year	2,358,487	1,935,216	6,512	4,020
Carrying amount	2,937,838	2,695,365	21,404	18,456

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Non-current				
Other receivables	17,155	88,846	-	-
Current				
Other receivables	549,142	1,231,603	9,923	2,476
Deposits	1,527,107	2,097,139	135,011	122,764
Prepayments	712,531	603,387	66,225	36,460
	2,788,780	3,932,129	211,159	161,700
Total	2,805,935	4,020,975	211,159	161,700

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

	Group		Company	
	2010	2009	2010	2009
Related company	RM	RM	RM	RM
Prepayment	-	-	-	15,449
Other receivables	-	-	30,420	30,420
	-	-	30,420	45,869
Related parties				
Other receivables	29,891	520,037	-	-

Included in other receivables of the Group are staff car loans amounting to RM 67,907 (2009 : RM181,394) which bears interest at rates ranging from 0.5% to 3.5% (2009 : 0.5% to 3.5%) per annum. The staff loans are recognised initially at fair value. The difference between the fair value and the nominal amount represents payment for services to be rendered during the period of the staff loan and is recorded as part of prepaid operating expenses.

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
(a) Deferred tax assets				
At beginning of the year	3,221,912	2,480,831	874,700	544,000
Recognised in profit or loss (note 7)	1 20,186	741,081	199,700	330,700
At end of the year	3,342,098	3,221,912	1,074,400	874,700

Presented after appropriate off-setting as follows:-

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deferred tax assets	4,021,098	3,897,812	1,186,000	968,000
Deferred tax liabilities	(679,000)	(675,900)	(111,600)	(93,300)
	3,342,098	3,221,912	1,074,400	874,700

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deferred tax assets				
Retirement benefits	3,207,400	3,273,300	1,163,000	959,000
Unrealised loss on foreign exchange	68,700	-	-	-
Provision for employee benefits	37,600	61,700	23,000	9,000
Unabsorbed capital allowances	387,500	162,500	-	-
Unrealised profits on inventories	319,898	400,312	-	-
	4,021,098	3,897,812	1,186,000	968,000
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(597,400)	(563,400)	(30,000)	(25,300)
Change in fair value of investment properties	(81,600)	(112,500)	(81,600)	(68,000)
	(679,000)	(675,900)	(111,600)	(93,300)

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

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
(b) Deferred tax liabilities				
At beginning of the year	(2,456,900)	(1,729,100)	-	-
Recognised in profit or loss (note 7)	177,100	(727,800)	-	-
At end of the year	(2,279,800)	(2,456,900)	-	-

Presented after appropriate off-setting as follows:-

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deferred tax liabilities	(3,130,300)	(2,932,900)	-	-
Deferred tax assets	850,500	476,000	-	-
	(2,279,800)	(2,456,900)	-	-

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	(3,127,700)	(2,932,900)	-	-
Taxable temporary differences arising from income	(2,600)	-	-	-
	(3,130,300)	(2,932,900)	-	-
Deferred tax assets				
Retirement benefits	487,000	476,000	-	-
Unabsorbed reinvestment allowances	10,800	-	-	-
Unutilised tax losses	106,800	-	-	-
Unabsorbed capital allowances	245,900	-	-	-
	850,500	476,000	-	-

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

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Unabsorbed capital allowances	449,500	181,700	-	-
Unutilised tax losses	6,364,629	4,613,682	-	-
	6,814,129	4,795,382	-	-

19. INVENTORIES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At cost				
Raw materials	3,752,926	4,171,567	-	-
Work-in-progress	208,272	202,627	-	-
Consumable tools	180,995	186,976	-	-
Packaging materials	1,913,711	2,195,129	-	-
Merchandised goods	8,632,868	12,684,633	-	-
Finished goods	1,507,387	802,783	-	-
Sales aid items	581,232	171,145	-	-
	16,777,391	20,414,860	-	-
At net realisable value				
Consumable goods	480	-	480	-
	16,777,871	20,414,860	480	-

20. TRADE RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
External parties	7,498,736	6,897,962	104,747	44,455
Related parties	2,313,777	3,089,953	-	-
	9,812,513	9,987,915	104,747	44,455
Less: Allowance for impairment	(405,190)	(8,003)	(8,003)	(8,003)
	9,407,323	9,979,912	96,744	36,452

(a) Credit term of trade receivables

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.

(b) Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group	Company
	2010	2009
	RM	RM
Neither past due nor impaired	5,836,950	-
1 to 30 days past due not impaired	1,428,079	29,118
31 to 60 days past due not impaired	730,707	16,330
61 to 90 days past due not impaired	317,011	3,500
91 to 120 days past due not impaired	177,017	47,796
More than 121 days past due not impaired	837,112	-
	3,489,926	96,744
Impaired	485,637	8,003
	9,812,513	104,747

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,489,926 and RM96,744 respectively that are past due at the reporting date but not impaired.

No impairment loss on trade receivables has been made as, in the opinion of the management, the debts would be collected in full within the next twelve months.

20. TRADE RECEIVABLES (cont'd)

(b) Ageing analysis of trade receivables (cont'd)

Receivables that are impaired
The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group Individually Impaired 2010 RM	Company Individually Impaired 2010 RM
Trade receivables (nominal amounts)	485,637	8,003
Less: Allowance for impairment	(405,190)	(8,003)
	80,447	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The Group and the Company have no debtors that are collectively determined to be impaired at the reporting date.

(c) The foreign currency exposure profile for trade receivables is as follows:

	Group	
	2010 RM	2009 RM
United States Dollars	248,900	2,859,104

(d) Further details on related parties transactions are disclosed in Note 39.

21. 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% (2009 : 3.75%) per annum.

22. TAX ASSETS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Tax paid in advance	557,806	911,887	87,400	153,925
Tax recoverable	1,471,459	194,475	557,801	194,470
	2,029,265	1,106,362	645,201	348,395

23. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash and bank balances	8,827,730	6,609,324	1,168,034	333,804
Cash deposits with licensed banks	7,096,112	34,226,767	-	6,500,000
	15,923,842	40,836,091	1,168,034	6,833,804

The cash deposits with licensed banks of the Group and of the Company bear effective interest rate at 1.69% to 2.15% (2009 : 0.10% to 3.18%) and nil (2009 : 1.83% to 3.18%) respectively per annum and mature within one year.

The foreign currency exposure profile is as follows:

	Group	
	2010	2009
	RM	RM
United States Dollars	1,879,600	338,718
Pound Sterling	-	81
Euro	-	4,537
Singapore Dollars	55,052	12,567
Brunei Dollars	745,898	1,925,938
Chinese Renminbi	21,665	16,333
Indian Rupee	780	2,418
Australia Dollars	-	5,340
Taiwan Dollars	-	4,567
Thai Baht	-	119
Canadian Dollars	-	9,510
	2,702,995	2,320,128

24. SHARE CAPITAL

	Group/Company	
	2010	2009
	RM	RM
Authorised:		
1,000,000,000 ordinary shares of RM0.10 each	100,000,000	100,000,000
Issued and fully paid:		
720,000,000 ordinary shares of RM0.10 each	72,000,000	72,000,000

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual interests.

25. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 17 June 2010, 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 932,400 (2009 : 455,400) of its issued and fully paid-up ordinary shares from the open market at an average price of RM0.20 (2009: RM0.278) per share. The total consideration paid for the repurchased shares including transaction cost was RM189,276 (2009 : RM126,731). 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 RM1,301,800 (2009 : RM1,112,524).

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

		← Price per share →			
Month	**No. of shares repurchased**	**Highest**	**Lowest**	**Average**	**Total Consideration**
2010		**RM**	**RM**	**RM**	**RM**
March 2010	20,000	0.235	0.235	0.235	4,746
August 2010	372,400	0.205	0.205	0.205	76,900
September 2010	540,000	0.200	0.195	0.198	107,630
	932,400				189,276
2009					
March 2009	13,000	0.220	0.220	0.220	2,904
June 2009	213,300	0.290	0.280	0.285	61,642
July 2009	224,100	0.275	0.265	0.270	60,936
August 2009	5,000	0.245	0.240	0.243	1,249
	455,400				126,731

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

Of the total 720,000,000 (2009 : 720,000,000) issued and fully paid ordinary shares as at 31 December 2010, 3,841,600 (2009 : 2,909,200) ordinary shares are held as treasury shares by the Company. As at 31 December 2010, the number of outstanding ordinary shares in issue after the set off is therefore 716,158,400 (2009 : 717,090,800) ordinary shares of RM0.10 each.

26. OTHER RESERVES

	Translation Reserve RM	Fair Value Adjustment Reserve RM	Total RM
Group			
At 1 January 2009	(5,394)	-	(5,394)
Other comprehensive income:			
- Foreign currency translation	11,640	-	11,640
At 31 December 2009	6,246	-	6,246
At 1 January 2010	6,246	-	6,246
Effect of adopting FRS 139	-	(12,778)	(12,778)
Other comprehensive income:			
- Foreign currency translation	(8,851)	-	(8,851)
At 31 December 2010	(2,605)	(12,778)	(15,383)

	Fair Value Adjustment Reserve RM
Company	
At 1 January 2009	
Other comprehensive income:	
Fair value gain on available-for-sale financial assets	32,725,393
At 31 December 2009	32,725,393
At 1 January 2010	32,725,393
Fair value loss on available-for-sale financial assets	(9,690,996)
At 31 December 2010	23,034,397

(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) Fair Value Adjustment Reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

In previous year, the fair value gain was recognised at regular intervals 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.

27. FINANCE LEASE PAYABLES

	Group 2010 RM	2009 RM
Gross instalment payments	2,345	7,765
Less: Future finance charges	(62)	(463)
Total present value of finance lease payables	2,283	7,302
Payable within one year		
Gross instalment payments	2,345	5,420
Less: Future finance charges	(62)	(400)
Present value of finance lease payables	2,283	5,020
Payable more than 1 year but not more than 2 years		
Gross instalment payments	-	2,345
Less: Future finance charges	-	(63)
Present value of finance lease payables	-	2,282
Total present value of finance lease payables	2,283	7,302
Analysed as:-		
Due within 1 year	2,283	5,020
Due after 1 year	-	2,282
	2,283	7,302

The finance lease payables of the Group bear effective interest rates of 9.37% (2009: 7.20% to 9.37%) per annum.

28. TERM LOAN

	Group 2010 RM	2009 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)		
Analysed as:-		
Due within 1 year	28,396	26,763
Due after 1 year	85,821	113,712
	114,217	140,475

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.

29. RETIREMENT BENEFITS

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Liability for defined benefit obligations at beginning of the year	14,996,842	13,911,099	8,356,975	10,555,512
Current service costs and interest	1,251,378	1,407,949	901,811	757,315
Transfer to subsidiary company	-	-	2,647,002	(2,647,002)
Amortisation of net gain	(197,645)	(25,020)	(87,268)	(11,664)
Settlement and curtailments gain	(1,272,593)	(297,186)	-	(297,186)
Liability for defined benefit obligations at end of the year (non-current)	14,777,982	14,996,842	11,818,520	8,356,975

The liabilities for defined benefit obligations recognised in the statements of financial position are analysed as follows:-

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Present value of unfunded obligations	12,785,635	10,942,151	7,816,784	7,002,241
Unrecognised net actuarial gain	1,992,347	4,054,691	4,001,736	1,354,734
	14,777,982	14,996,842	11,818,520	8,356,975

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current service cost	594,849	707,615	481,677	363,840
Interest cost	656,529	700,334	420,134	393,475
Amortisation of net gain	(197,645)	(25,020)	(87,268)	(11,664)
Settlement and curtailments gain	(1,272,593)	(297,186)	-	(297,186)
	(218,860)	1,085,743	814,543	448,465

29. RETIREMENT BENEFITS (cont'd)

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

	Group/Company	
	2010	2009
	RM	RM
Discount rate	6.00%	6.00%
Expected rate of salary increases	3.00%	3.00%

30. 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	
	2010	2009
	RM	RM
Chinese Renminbi	-	11,153
Singapore Dollars	1,161	-
United States Dollars	392,990	93,245

31. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other payables	1,484,314	2,162,125	145,763	194,951
Deposits	3,443,050	3,704,498	130,600	126,700
Accruals	4,210,076	6,936,894	75,713	22,356
	9,137,440	12,803,517	352,076	344,007

Included in other payables of the Group are amounts owing to related parties amounting to RM87,794 (2009: RM367,117).

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

32. PROVISION FOR EMPLOYEES BENEFITS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At beginning of the year	249,577	467,477	36,615	211,656
Additions	148,249	249,577	89,748	36,615
Incurred	(247,423)	(467,477)	(36,615)	(211,656)
At end of the year	150,403	249,577	89,748	36,615

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.

33. BANK OVERDRAFT

In previous year, the bank overdraft facility of a subsidiary company bore interest at rate of 7.70% per annum. This facility has not been utilised as at the reporting date.

These facilities are secured and supported as follow:

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

34. DIVIDEND

	Group/Company	
	2010	2009
	RM	RM
Recognised during the year		
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
Interim dividend of RM0.008 per share less 25% tax based on 717,070,800 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2009	4,302,425	-
Net dividend per share (sen)	0.61	1.35

Subsequent to the financial year end, the Company declared an interim dividend of RM0.0061 per ordinary share less 25% tax based on 716,058,400 ordinary shares amounting to RM3,275,946 in respect of the current financial year paid on 15 April 2011. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends will be accounted for inequity as an appropriation of retained profits in the financial year ending 31 December 2011.

35. ACQUISITIONS OF SUBSIDIARY COMPANIES

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 Statement of Cash Flows

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

	Group	
	2010	2009
	RM	RM
Bank balance	-	2
Cash balances of a subsidiary company acquired	-	(2)
Cash flow on acquisition, net of cash acquired	-	-

35. ACQUISITIONS OF SUBSIDIARY COMPANIES (cont'd)

(ii) Effect on Consolidated Statement of Comprehensive Income

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

	Group	
	2010	2009
	RM	RM
Operating revenue	-	617,192
Administrative costs	-	(48,574)
Profit for the year attributable to shareholders	-	568,618

(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	
	2010	2009
	RM	RM
Property, plant and equipment	-	7,939
Intangible assets	-	45,627
Trade and other receivables	-	20,635
Cash and bank balances	-	128,030
Trade and other payables	-	(7,326)
	-	194,905

36. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash and bank balances (Note 23)	15,923,842	40,836,091	1,168,034	6,833,804
Bank overdraft (Note 33)	-	(150,748)	-	-
Highly liquid investments in unit trusts (Note 14)	24,161,975	2,081,883	1,000,000	-
	40,085,817	42,767,226	2,168,034	6,833,804

37. CONTINGENT LIABILITIES - UNSECURED

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
# Special damage claimed by a former distributor and sale point operator of a subsidiary company for alleged wrongful termination	-	295,000	-	-

The claimant is suing for special damage claim due to alleged wrongful termination of his distributorship and sale point operatorof a subsidiary company. No provision had been made in previous year pending the outcome of the litigation. The case has been resolved during the year.

38. CAPITAL COMMITMENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
In respect of capital expenditure approved and contracted for:-				
- purchase of property, plant and equipment	142,619	106,935	-	-
- acquisition of service apartment	35,774	35,774	-	-
- acquisition of computer software	12,500	246,673	-	-
	190,893	389,382	-	-
In respect of capital expenditure approved and not contracted for:-				
- purchase of property, plant and equipment	763,280	1,259,677	-	-

39. 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 related party relationships with their 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	
	2010	2009
	RM	RM
Management fee revenue received and receivable	(4,960,000)	(6,645,900)
Dividend revenue (gross) received and receivable	(4,400,000)	(13,001,309)
Rental revenue received and receivables	-	(36,000)
Interest revenue received and receivable	(256,983)	(222,000)
Rental of premises paid and payable	182,520	182,500
Information Communication Technologies shared charges paid and payable	-	70,200

(c) Related parties transactions are as follows:-

		Group	
		2010	2009
	Note	RM	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	(803,228)	(769,400)
- Rental revenue	i	(305,175)	(398,400)
- Management fee	iii	342,436	433,700
- Rental charge	i	84,000	84,000
- Research and development expenditure	v	425,962	462,900
- Purchase of goods	iv	296,680	352,100
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	270,725	296,200
- Sales revenue	ii	(7,351,389)	(7,015,900)

39. RELATED PARTIES TRANSACTIONS (cont'd)

(c) Related parties transactions are as follows:-

	Note	Group 2010 RM	Group 2009 RM
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)
- Purchase of goods	iv	-	(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	(185,184)	(149,300)

Significant related parties transaction are as follows:

(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 2010 are disclosed in Notes 17, 20 and 31.

(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 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Short term employees benefits	4,894,202	6,583,577	2,002,691	2,229,370
Post-employment benefits	396,122	1,962,045	1,097,005	819,111

40. 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 reporting date is as follows:

	Group	
	2010	2009
	RM	RM
Not later than one year	365,869	237,900
Later than one year but not later than five years	152,446	-
	518,315	237,900

41. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

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	Operation of food and beverages outlets

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

41. SEGMENT INFORMATION (cont'd)

	Note	Investment Holding RM	Manufac-turing RM	Marketing & Trading RM	Food & Beverages RM	Adjustments Elimination RM	Consolidated RM
2010							
Revenue							
External revenue		(336,940)	(15,080,048)	(115,728,614)	(3,295,473)	-	(134,441,075)
Inter segment revenue	a	(9,479,980)	(25,205,126)	(6,017,437)	(1,525,471)	42,228,014	-
Total revenue		(9,816,920)	(40,285,174)	(121,746,051)	(4,820,944)	42,228,014	(134,441,075)
Result							
Interest revenue		(351,201)	(153,049)	(563,404)	(57,730)	485,338	(640,046)
Dividend revenue		(4,400,000)	-	-	-	4,400,000	-
Fair value gains on investment properties		(267,000)	-	-	-	-	(267,000)
Depreciation and amortisation		94,195	2,069,328	1,946,999	234,360	154,896	4,499,778
Share of results of associated company		(14,587)	-	-	-	-	(14,587)
Other non-cash expenses	b	904,292	72,473	508,674	93,632	-	1,579,071
Segment profit/(loss)	c	3,309,158	1,624,777	5,270,582	(4,958,423)	(1,766,179)	3,479,915
Assets							
Investment in associated company		18,000	-	-	-	(14,587)	3,413
Additions to noncurrent assets	d	276,804	166,202	3,310,463	504,348	(582,690)	3,675,127
Segment assets	e	115,646,167	36,569,677	90,986,752	4,677,871	(113,180,593)	134,699,874
Segment liabilities	f	12,260,344	7,224,617	28,175,021	9,345,682	(28,374,105)	28,631,559

41. SEGMENT INFORMATION (cont'd)

	Note	Investment Holding RM	Manufac-turing RM	Marketing & Trading RM	Food & Beverages RM	Adjustments 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	a	19,683,234	30,396,370	4,590,051	1,026,040	(55,695,695)	-
Total revenue		20,048,174	44,229,897	146,260,047	3,669,855	(55,695,695)	158,512,278
Result							
Interest revenue		(393,043)	(63,649)	(405,334)	(30,169)	222,010	(670,185)
Dividend revenue		(13,001,309)	-	-	-	13,001,309	-
Fair value gains on investment properties		(70,000)	-	-	-	-	(70,000)
Depreciation and amortisation		72,758	2,143,872	1,834,065	286,082	108,941	4,445,718
Impairment of non-financial assets		-	-	269,236	-	-	269,236
Other non-cash expenses	b	485,376	250,007	2,577,463	591,887	-	3,904,733
Segment profit/(loss)	c	14,525,131	2,752,866	8,059,145	(3,349,398)	(11,837,416)	10,150,328
Assets							
Additions to non-current assets	d	1 6,057	194,643	4,784,070	1,475,696	(2,817,483)	3,652,983
Segment assets	e	124,087,269	36,251,624	92,280,497	6,636,991	(118,243,735)	141,012,646
Segment liabilities	f	8,737,597	7,447,878	31,557,894	9,046,379	(23,933,064)	32,856,684

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

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

	2010 RM	2009 RM
Inventories written off	1,209,804	1,844,389
Retirement benefits expense	(218,860)	1,085,743
Bad debts written off	143,924	66,916
Provision for employee benefits	148,249	249,577
Property, plant and equipment written off	295,954	658,108
	1,579,071	3,904,733

41. SEGMENT INFORMATION (cont'd)

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

	2010 RM	2009 RM
Share of results of associated company	(14,587)	-
Profit from inter-segment sales	(12,255,691)	(20,233,289)
Finance costs	485,338	390,162
Unallocated corporate expenses	12,635,356	10,605,880
Other operating revenue	(2,616,595)	(2,600,169)
	(1,766,179)	(11,837,416)

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

	2010 RM	2009 RM
Property, plant and equipment	3,030,257	2,729,450
Intangible assets	644,870	923,533
	3,675,127	3,652,983

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

	2010 RM	2009 RM
Deferred tax assets	319,898	-
Inter-segment assets	(113,500,491)	(118,243,735)
	(113,180,593)	(118,243,735)

(f) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Inter-segment liabilities	(28,374,105)	(23,933,064)

41. SEGMENT INFORMATION (cont'd)

Geographical Information

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

	2010 RM	2009 RM
Malaysia	115,944,675	141,745,422
Brunei	6,987,717	6,883,008
Hong Kong	164,409	206,261
India	74,637	29,578
Singapore	6,688,648	7,017,297
Philipines	-	15,781
Indonesia	2,876,935	1,669,587
United States of America	1,254,655	872,604
China	225,831	-
Australia	215,032	-
Others	8,536	72,740
	134,441,075	158,512,278

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
2010			
Property, plant and equipment	45,271,638	158,675	45,430,313
Capital work-in-progress	1	-	1
Investment properties	9,380,000	-	9,380,000
Investment in associated company	3,413	-	3 ,413
Investments	2,500,000	-	2,500,000
Other intangible assets	2,937,838	-	2,937,838
Other receivables, deposits and prepayments	17,155	-	17,155
Deferred tax assets	3,342,098	-	3,342,098
Total non-current assets	63,452,143	158,675	63,610,818

41. SEGMENT INFORMATION (cont'd)

Geographical Information (cont'd)

	Malaysia RM	Singapore RM	Consolidated RM
2009			
Property, plant and equipment	46,772,224	171,921	46,944,145
Capital work-in-progress	1	-	1
Investment properties	9,113,000	-	9,113,000
Investments	500,000	-	500,000
Goodwill	98,140	-	98,140
Other intangible assets	2,695,365	-	2,695,365
Other receivables, deposits and prepayments	88,846	-	88,846
Deferred tax assets	3,221,912	-	3,221,912
Total non-current assets	62,489,488	171,921	62,661,409

42. SIGNIFICANT EVENT

On 5 August 2010, Company acquired 18,000 new ordinary shares of RM1 each representing 30% of the total issued and paid up share capital of Agriscience Biotech Sdn. Bhd., a private limited company for a total consideration of RM18,000.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Financial Controller, Head of Treasury and Head of Credit Control. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit Risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk
At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile
The Group and the Company have no significant concentration of credit risk from its receivables.

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 20. Cash deposits with licensed banks and investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings with no history of default. At the reporting date, there was no indication that the dividend and interest receivables are not recoverable.

Financial assets that are past due but not impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

Financial assets that are either past due or impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity Risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Less than 1 year	Within 1-2 years	Within 2-5 years	Total
2010	RM	RM	RM	RM
Group				
Financial liabilities:				
Trade payables	2,145,394	-	-	2,145,394
Other payables	9,137,440	-	-	9,137,440
Finance lease payables	2,283	-	-	2,283
Term loan	28,396	30,163	55,658	114,217
	11,313,513	30,163	55,658	11,399,334
Company				
Financial liabilities:				
Other payables	352,076	-	-	352,076

(c) Interest Rate Risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from:

– 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 liability
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.

<u>Sensitivity analysis for interest rate risk</u>
At the reporting date, if the interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would increase/decrease by RM26,662 as a result of exposure to interest income from floating rate of other investments.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Company, primarily RM. The foreign currencies in which these transactions are denominated are mainly in United States Dollar ("USD").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM2,702,995.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in Singapore is not hedged as currency positions in SGD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk
A 7% strengthening/weakening of the Malaysian Ringgit against United States Dollar and all other variables held constant at the reporting date would increase/(decrease) the Group's profit for the year ended 31 December 2010 by RM124,293.

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted unit trusts. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as held for trading. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk
At the reporting date, if Bursa Malaysia KLCI had been 1% higher/lower, with all other variables held constant, the Group's profit net of tax would increase/decrease by RM241,620 as a result of increase/decrease in the fair value of investments in equity instrument classified as held for trading.

44. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 December 2010 and 31 December 2009.

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

The Group monitors capital using a gearing ratio, which is total debt divided by total capital. The Group's gearing ratio as at the reporting date is 0.11% (2009 : 0.17%).

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(i) Cash and Cash Equivalents, Trade and Other Receivables and Payables
The carrying amounts approximate 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 finance lease payables is estimated using discounted cash flow analysis, based on current borrowing.

(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 reporting date.

The fair values of quoted unit trusts are determined by reference to the quoted market price on the reporting date as published in the national daily.

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

The carrying amounts of financial instruments recognised in the statements of financial position as at reporting date approximate their fair values except for the following:-

	Group		Company	
2010	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial Assets				
Staff car loan receivables (non-current)	65,886	59,312	-	-
Unquoted shares	2,500,000	*	-	-
Financial Liabilities				
Finance lease payables	2,283	2,283	-	-
2009				
Financial Assets				
Staff car loan receivables (non-current)	88,846	76,068	-	-
Unquoted shares	500,000	*	-	-
Financial Liabilities				
Term loan	140,475	19,076		
Finance lease payables	7,302	7,254	-	-

* Investment in equity instruments carried at cost.

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Fair value information has not been disclosed for the Group's investment in equity instruments that are carried at cost because the fair value cannot be measured reliably. These equity instruments represent shares in Bright Way Avenue Sdn. Bhd. and Gracious Holding Sdn. Bhd. that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future.

46. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2010 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at 31 December 2010 is analysed as follows:

	Group 2010 RM	Company 2009 RM
Total retained earnings of the Company and its subsidiaries		
- realised	58,512,745	9,667,813
- unrealised	(570,228)	-
Total share of retained earnings from associated company		
- realised	(14,587)	(14,587)
Add/Less: Consolidation adjustments	(22,884,354)	-
Total retained earnings	35,043,576	9,653,226

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

list of **properties**

The properties held by the Group and the Company as at 31 December 2010 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 2010 (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	14	30,328	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)	19	800	10 Jul 2003/ 31 Dec 2010
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 3rd parties	2,252 / 12,865	Leasehold – 99 years (29 Aug 2094)	13	2,600	4 Apr 1995/ 4 Jan 2011
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)	13	2,000	4 Apr 1995/ 4 Jan 2011

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 2010 (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)	14	2,400	12 Jul 1993/ 31 Dec 2010
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)	12	230	30 May 1995/ 4 Jan 2011
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) / Renting out to third parties	2,273 / 6,504	Leasehold – 99 years (31 Dec 2098)	4	1,350	19 Jun 2008/ 11 Jan 2011

additional **compliance information**

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

1. Utilisation of Proceeds

During the financial year ended 31 December 2010, 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 932,400 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 2010	No. of CNI Shares Bought Back	Price per CNI Share (RM)			Average Cost per CNI Share* (RM)	Total Cost* (RM)
		Highest	Lowest	Average		
March	20,000	0.235	0.235	0.235	0.237	4,746.41
August	372,400	0.205	0.205	0.205	0.206	76,899.97
September	540,000	0.200	0.195	0.198	0.199	107,630.16

* 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 2010, a total of 3,841,600 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 2010.

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

During the financial year ended 31 December 2010, 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 incurred for the services rendered to the Company or its subsidiaries for the financial year ended 31 December 2010 amounted to not more than RM50,000 by the Company's auditors or a firm or a company affiliated to the auditors' firm.

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 2010 and the unaudited financial results for the year ended 31 December 2010 announced by the Company on 24 February 2011.

8. Profit Guarantee

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

9. Material Contracts

Save as those described in Note 39 (c) to the Financial Statements on pages 105 to106 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 2010 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 (g) to the Financial Statements on page 68 of this Annual Report.

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

At the Annual General Meeting held on 17 June 2010, the Company had obtained a mandate from its shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The details of the recurrent related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2010 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	342,436	Provision of management services to CNIE
	CNIE	Chew Boon Swee Law Yang Ket Cheong Chin Tai Gan Chooi Yang	197,950	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")		792,630	Provision of IT and e-commerce related services by Symplesoft
	CNIE		210	Purchase of goods and services from CNIE
CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd ("EM")	Dato' Koh Peng Chor Tan Sia Swee	326,694	Provision of research, development and testing services to EM
	Q-Pack (M) Sdn Bhd ("Q-Pack")	Chew Boon Swee Gan Chooi Yang	99,268	Provision of research, development and testing services to Q-Pack
	CNIE		107,225	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor paid/payable to CNIE
	EM		1,276	Provision of laboratory test service by EM
	EM		218	Contract manufacturing customer of EM
	Q-Pack		8,894	Contract manufacturing customer of Q-Pack
Citra Nusa Insancemerlang Investment Company	EM	Dato' Koh Peng Chor Tan Sia Swee	38,953	Patent fee paid by EM for licence to use and manufacture products
	Q-Pack	Chew Boon Swee Law Yang Ket Gan Chooi Yang	38,953	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 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 IPHC	CNIE	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Cheong Chin Tai Law Yang Ket Gan Chooi Yang	192,819	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	34,831	Sales of products to CNIS
CNI (China) Co. Ltd.	EM	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Law Yang Ket Gan Chooi Yang	261,849	Supply of royal jelly powder and honey to EM
Leader Regent Inc.	EM CNIE	Dato' Koh Peng Chor Wong Siew Fong Gan Chooi Yang	4,020,985 16,576	Contract manufacturing customer of EM Purchase of goods from CNIE
Sepang Goldcoast Sdn Bhd	CNIE Q-Pack	Dato' Koh Peng Chor Gan Chooi Yang	163,588 21,596	Purchase of goods and services from CNIE Purchase of goods from Q-Pack
Fortune Venture Inc.	CNIE EM Q-Pack CNIS	Dato' Koh Peng Chor Gan Chooi Yang	767,346 2,182,060 358,996 5,426	Purchase of goods from CNIE Purchase of goods from EM Purchase of goods from Q-Pack Purchase of goods from CNIS

analysis of **shareholdings**
as at 21 april 2011

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

	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
Size of shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100	212	2.17	5	0.05	7,354	(1)	190	(1)
100 - 1,000	3,366	34.40	266	2.72	1,824,487	0.25	158,580	0.02
1,001 – 10,000	3,935	40.22	112	1.14	12,618,583	1.76	278,140	0.04
10,001 – 100,000	1,598	16.34	14	0.14	58,093,959	8.11	557,400	0.08
100,001 – 35,802,919 (*)	267	2.73	8	0.08	254,635,426	35.56	24,358,158	3.40
35,802,920 and above (**)	1	0.01	-	-	363,526,123	50.77	-	-
Total	**9,379**	**95.87**	**405**	**4.13**	**690,705,932**	**96.46(2)**	**25,352,468**	**3.54(2)**

Notes:
(*) Less than 5% of issued shares (2)
(**) 5% and above of issued shares (2)
(1) Less than 0.01%
(2) Excluding a total of 3,941,600 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 21 April 2011.

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

	Direct Interests		Indirect Interests	
Name	**No. of Shares Held**	**% of Issued Shares(4)**	**No. of Shares Held**	**% of Issued Shares(4)**
Dato' Koh Peng Chor	2,490,240	0.35	373,262,663(1)	52.13
Tan Sia Swee	-	-	25,393,380(2)	3.55
Law Yang Ket	4,691,898	0.66	3,000,000(2)	0.42
Cheong Chin Tai	660,000	0.09	-	-
Chew Boon Swee	1,128,614	0.16	-	-
Zulkifli bin Mohamad Razali	-	-	-	-
Lim Lean Eng	1,083,360	0.15	62,520(2)	0.01
Dr. Ch'ng Huck Khoon	1,000	(3)	-	-

Notes:
(1) Deemed interested by virtue of interests held through Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965 and interests held through spouse and/or child pursuant to section 134(12)(c) of the Companies Act, 1965.
(2) Deemed interested by virtue of interests held through spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.
(3) Less than 0.01%
(4) Excluding a total of 3,941,600 CNI shares bought-back by CNI and retained as treasury shares as at 21 April 2011.

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Indirect Interests	
Name	**No. of Shares Held**	**% of Issued Shares[3]**	**No. of Shares Held**	**% of Issued Shares[3]**
Marvellous Heights Sdn Bhd	363,526,123	50.77	-	-
Cabar Sanubari Sdn Bhd	-	-	363,526,123[1]	50.77
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123[1]	50.77
Dato' Koh Peng Chor	2,490,240	0.35	369,171,643[2]	51.56
Datin Chuah Tek Lan	1,167,200	0.16	369,171,643[2]	51.56
Koh How Loon	1,679,180	0.23	369,171,643[2]	51.56
Syed Esa bin Syed Abdul Kadir	-	-	363,526,123[1]	50.77
Syed Abdullah bin Syed Abd Kadir	-	-	363,526,123[1]	50.77

Notes:
(1) Deemed interested by virtue of interests held through Marvellous Heights Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.
(2) Deemed interested by virtue of interests held through Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.
(3) Excluding a total of 3,941,600 CNI shares bought-back by CNI and retained as treasury shares as at 21 April 2011.

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	50.77
2.	Wong Siew Fong	25,393,380	3.55
3.	Gan Chooi Yang	15,612,826	2.18
4.	Tan Kim Choon	14,151,314	1.98
5.	Toh Siew Kee	12,424,054	1.74
6.	Heng Hoay Liang @ Heng Hoye Ee	11,550,000	1.61
7.	Chew Boon Yeng	10,547,554	1.47
8.	Choong Hon Ken	10,238,010	1.43
9.	Gan Ah Seng	9,745,139	1.36
10.	Ginawan Chondro	9,576,271	1.34
11.	Ch'ng Oon Tian	6,234,120	0.87
12.	Stephanus Abrian Natan	6,175,555	0.86
13.	Chan Sook Cheng	5,960,605	0.83
14.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd (PB)	5,260,920	0.73
15.	Chong Yee Min	5,209,600	0.73
16.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Chin Kwee	4,939,800	0.69
17.	Law Yang Ket	4,691,898	0.66
18.	Choo Khim Keong	4,680,380	0.65
19.	Lee Kuan Meng	4,300,022	0.60
20.	Choong Yiw	4,000,000	0.56
21.	MAYBAN Nominees (Asing) Sdn Bhd DBS Bank for Triton Capital Group Ltd	3,557,000	0.50
22.	Ong Teck Seng	3,507,000	0.49
23.	Wong Siew Keow	3,125,667	0.44
24.	Suharman Subianto	3,102,532	0.43
25.	Addeen Trading Sdn Bhd	3,016,600	0.42
26.	Yow Siew Lian	3,000,000	0.42
27.	Murad Bin Basir	2,840,140	0.40
28.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Choo Huat	2,500,000	0.35
29.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor (PB)	2,490,240	0.35
30.	Cheong Chee Kee	2,463,666	0.34
	Total	**563,820,416**	**78.74**

Note:
(1) Excluding a total of 3,941,600 CNI shares bought-back by CNI and retained as treasury shares as at 21 April 2011.

NOTICE IS HEREBY GIVEN that the Twenty-Second 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, 16 June 2011 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 2010 together with the Reports of the Directors and Auditors thereon. **(Please refer Explanatory Note**

2. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Company's Articles of Association:
   i) Law Yang Ket **Resolution 1**
   ii) Chew Boon Swee **Resolution 2**
   iii) Lim Lean Eng **Resolution 3**

3. To approve the payment of Directors' fees amounting to RM126,000 for the financial year ended 31 December 2010. **Resolution 4**

4. 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. **Resolution 5**

AS SPECIAL BUSINESS:

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

5. **ORDINARY RESOLUTION - 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**

6. **ORDINARY RESOLUTION - 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 20 May 2011 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**

7. ORDINARY RESOLUTION - 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 2010, the audited Retained Earnings of the Company was RM9,653,226; 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**

8. SPECIAL RESOLUTION - PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the Articles of Association of the Company be and are hereby amended in the manner as set out in Part C of the Circular/Statement to Shareholders dated 20 May 2011 AND THAT the Directors of the Company be and are hereby authorised to give effect to the said amendments to the Articles of Association of the Company." **Resolution 9**

BY ORDER OF THE BOARD

CHIN YOKE KWAI (MAICSA 7032000)
Company Secretary

Selangor Darul Ehsan
20 May 2011

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 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 10 June 2011. Only a depositor whose name appears on the General Meeting Record of Depositors as at 10 June 2011 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 ("the Act") does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Proposed 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.

   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 21st Annual General Meeting held on 17 June 2010 and which will lapse at the conclusion of the forthcoming 22nd Annual General Meeting.

2. Proposed 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.

3. Proposed 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.

4. Proposed Resolution 9, if passed, will enable the Company to amend its Articles of Association in order to be in line with the Main Market Listing Requirements currently in force as well as to enhance the administration of the internal affairs of the Company.

   Further information on the Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions, Proposed Renewal of Share Buy-Back Authority and Proposed Amendment to the Articles of Association of the Company is set out in the Circular/Statement to Shareholders dated 20 May 2011, which is despatched together with the Abridged Annual Report 2010.

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 22nd Annual General Meeting of the Company.

distribution centres/ sales points/ **e-sales points**

	Distribution Centres/ Sales Points/ e-Sales Points (DC , SP & eSP)	Address	Tel	Fax
PERLIS				
DC	Arau DC	95, Lot 342, Jln Jelawi Sematang, Tmn Muhibbah Fasa 2 Jejawi 02600 Arau.	04-9771288/019-4100355	04-9771289
SP	Padang Besar SP	518, Jln Sekolah Rendah Kebangsaan, 02100 Padang Besar.	04-9490554	04-9492554
KEDAH				
DC	Alor Star Retail Centre	Lot 46, Ground Floor, Kompleks Perniagaan Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid 3,05050 Alor Setar.	04-7720918/013-4389897	04-7720918
	Kulim DC	70, Tkt 1, Lrg Semarak 3, Tmn Semarak 09000 Kulim.	04-4951564/016-4268052	04-4951828
	Langkawi DC Cni	87, Persiaran Mutiara Pusat Dagangan Kelana Mas, 07000 Langkawi.	04-9672460	04-9663460
	Sungai Petani DC	Wisma Zainal Yusoff 7 Lengkok Cempaka, Persiaran Cempaka, Amanjaya 08000 Sg Petani.	04-4419897/012-9871175/ 013-9339897	04-4428897
	Changlon DC	5, Pekan Changlon 2, 06010 Changlon.	04-9246923/ 012-4932758/019-4442758	04-9246923
eSP	Baling	No H6 Tkt 1, Pekan Baru Baling 09100 Baling.	013-4239606 espbaling@mycni.com.my	
	Padang Serai	385, Lrg Kenangan 4/9, Tmn Kenangan, Sg Karangan, 09410 Padang Serai.	04-4855513/019-4434003 espsgkarangan@mycni.com.my	
	Kuala Nerang	62B Tingkat Atas, Kedai TAT Kerinting Rambut, 06300 Pekan Kuala Nerang.	017-5608371 espkualanerang@mycni.com.my	
	Mukim Lepai	31-A Kg Dalam Kota, Mukim Lepai 05350, Alor Setar.	019-6370670 espmukimlepai@mycni.com.my	
	Jln Kodiang Tunjang	OSH Utara No 11 Aked MDKP, Jln Kodiang Tunjang, 06000 Jitra	04-9291420 / 019-4183993 esptunjang@mycni.com.my	
SP	Jitra SP	3B, Jln Satu, Pekan Jitra 2, 06000 Jitra.	04-9178771/012-4467368	
	Kuah SP	39, Pekan Lama (Sebelah Mat Sirat Supermarket), Padang Mat Sirat, Kuah 07000 Langkawi.	019-5598337/019-4499507	
	Sintok SP	Lot No 124, The Mall UUM, 06010 Sintok.	04- 9242319	04-9243909
	Pendang SP	No 4, Bangunan Orkid, 06700 Pendang.	019-5119897/013-4239897	
PULAU PINANG				
DC	Perak Road DC Cni	175, Perak Road, 10150 Penang.	04-2271092/2816718 (R)	04-2271092
	Perai DC	30, Jln Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth.	04-3986050	04-3984050
	Air Itam DC	27, Lintang Angsana, Bdr Baru Air Hitam, 11500 Air Hitam.	04-8286626	04-8279626
eSP	Permatang Pauh	19, Lrg Cermai 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418/012-4286418 esppermatangpauh@mycni.com.my	04-3902471
	Seberang Perai	10, Lrg Sg Bakap Permai 5, Tmn Sg. Bakap Permai, 14200 Seberang Perai Selatan.	019-4494257 espsgbakap@mycni.com.my	
	Bayan Lepas	119, Jln Tun Dr Awang, Sg Nibong Kecil, Bukit Jambul, 11900 Bayan Lepas.	04-6449637/019-5657126 espbayanlepas@mycni.com.my	04-6449637
	Machang Bubok	1586 Jln Kulim, Tmn Machang Manis, Machang Bubok 14020 Bukit Mertajam.	04-5516126/012-4838353 espmachang@mycni.com.my	
PERAK				
DC	Tg Malim DC Cni	No 1, Jln U1, Tmn Universiti, 35900 Tg Malim.	05-4590029/4597469 (R)/ 012-5386669	05-4590029
	Ipoh DC Cni	14, Jln Ghazali Jawi, 31400 Ipoh (In front of stadium).	05-5460393/012-5069339	05-5476032
	Taiping DC	17, Jln Wayang Gambar, 34000 Taiping.	05-8070981/012-5072686	05-8070981
	Teluk Intan DC Cni	Lot 12650, 1st Flr, Jln Changkat Jong, 36000 Teluk Intan.	05-6217795	05-6217795
	Kampar DC	S-23 Tmn Kampar, 31900 Kampar.	05-4664502	05-4664502
	Sitiawan DC Cni	23, Tmn Sentosa, Jln Lumut, 32300 Sitiawan.	05-6911171	05-6911171
	Jalan Gopeng DC	17A, Medan Lagenda 1, Medan Lapangan Lagenda, 31350 Jln Gopeng, Ipoh.	05-3111450/019-3262542	05-3111450
	Bercham DC	13, Persiaran Medan Bercham 4, Pst Bdr Baru Bercham, 31400 Ipoh.	05-5363691/012-5386669	05-5363597

	Distribution Centres/ Sales Points/ e-Sales Points (DC , SP & eSP)	Address	Tel	Fax
PERAK				
eSP	Ayer Tawar	No 1 Taman Ayer Tawar 2, Ayer Tawar 32400.	016-410 9629 espayertawar@mycni.com.my	
	Tapah	No 13 Pusat Perniagaan Jln Bidor 35000 Tapah.	019-5788337 esptapah@mycni.com.my	
	Hutan Melintang	No 7, 1st Flr, Jln Utama Pusat Perdagangan Jenderata, Hutan Melintang 36400	016-4424532 esphutanmelintang@mycni.com.my	
SP	Lahat SP	3, Persiaran Pinjil Selatan 8, Desa Pelancongan, 31500 Lahat.	012-5215428	
	Kemunting SP	No 7450, Jln Expo Dalam, Kg Expo 34600 Kemunting.	019-4424462	
	Pantai Remis SP	No 7, Tkt Atas, Jln Besar, Tmn Desa Dua, 34900 Pantai Remis.	05-6775107/016-7709629	
SELANGOR				
DC	Puchong Retail Centre	IOI Boulevard F.G.18, Jalan Kenari 5, Bandar Puchong Jaya, 47170, Puchong	03-80768868	03-80768827
	Klang DC	9, Wisma Ching Eu Boon, Lrg Gudang Nanas 2, Jln Pasar, 41400 Klang.	03-33439897/33433416/ 019-3209897	03-33433416
	Seri Kembangan DC Cni	13, Jln PSK1, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan.	03-89435480/89435481/ 012-2915007/012-6130643	03-89435481
	Rawang DC	No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang.	03-60928461	03-60928525
	Ampang DC Cni	1-12, Jln Dagang B/3A, Tmn Dagang 68000 Ampang.	03-42701897	03-42706279
	Subang Jaya DC	12A, Jln USJ 21/6, 47600 UEP Subang Jaya.	03-80237872	03-80259637
	Batu Caves DC Cni	573, Jln Samudera Utara 1 Tmn Samudera, 68100 Batu Caves.	03-61841897	03-61842897
	Semenyih DC Cni	92A, Jln 1/2 Seksyen 1, Bdr Teknologi Kajang, Off Jln Semenyih, 43500 Semenyih.	03-87233897/019-3158767 FJ9897@gmail.com	03-87234897
	Petaling Jaya DC	53A, Jln SS3/29 Tmn Universiti, 47300 Petaling Jaya.	03-78739897	03-78739897
eSP	Bayu Perdana	No D-G-3A, Jln Batu Unjur 9, Bayu Villa Apartment, Tmn Bayu Perdana, 41200 Klang	03-33258978/016-2089897 espbayuperdana@mycni.com.my	
	Bandar Baru Bangi Cni	No. 43A-1-1B, 1st Floor Blok F, Pusat Bdr Baru Bangi, 43650 Bdr Baru Bangi.	03-89263540/019-3212827/ 019-3514041 espbangi@mycni.com.my	03-89263540
	Balakong Cni	No-41-1, Jln PDR 6, Kaw Perusahaan Desa Ria, 43300 Balakong.	03-89618673/019-2334303 espbalakong@mycni.com.my	
	Shah Alam Cni	No 28, Jalan Tenggiri 17/23, Seksyen 17, 40200 Shah Alam.	03-55413004/019-3329897 espshahalam@mycni.com.my	
	Taman Dato' Harun	4, Jln 13, Tmn Dato' Harun, 46000 PJ.	03-77841859/016-3133466 esptamandatoharun@mycni.com.my	
	Pelabuhan Klang	Blk F 117-B, Tingkat 1 Tmn Kem, Jln Kem, 42000 Pelabuhan Klang.	03-31682466/016-2800767 espportklang@mycni.com.my	03-31683505
	Banting	161, Jln Sultan Abdul Samad, 42700 Banting.	03-31872333/012-3027433 espbanting@mycni.com.my	
	Batang Kali	No. 33, Jln Meranti 2C Bdr Utama, 44300 Batang Kali.	012-2811324/012-3043401 espbatangkali@mycni.com.my	
	Dengkil	No 2A Jln Nilam 1, Taman Nilam, 43800 Dengkil.	017-2462316 espdengkil@mycni.com.my	
	Labuhan Dagang	Lorong Satu, Hadapan Dewan Wanita, Kampung Labuhan Dagang 42700.	012-3676284 esplabuhandagang@mycni.com.my	
	Bdr Puncak Alam	No 15, Lrg Mahkota Impian 2/33, Bdr. Puncak Alam 42300 Kuala Selangor.	012- 2726040/019- 4109891 esppuncakalam@mycni.com.my	
	Bdr Mahkota Cheras	No 21, Jalan Dayang 38/8, Bt 9 Bdr Mahkota Cheras 43200 Cheras.	016-2205007 espmahkota@mycni.com.my	
	Kapar	No 44, Jln Hamzah Alang 8, Taman Ria 4 42200 Kapar.	014-3638309 /019-3036679 espkapar@mycni.com.my	
	Kuang	Lot 2336, Batu 18 ¼,, Kg Setia Kuang, 48050 Rawang.	012-6597240 espkuang@mycni.com.my	
	Tanjong Karang	No 5, Aras Satu Bangunan Tabung Haji, 45500 Tanjong Karang.	03-32690940/019-6466531 esptgkarang@mycni.com.my	
	Kajang	No 2, Jln 1, Pusat Hentian Kajang, Jln Reko, 43000 Kajang.	010-8915086 / 019-7777544 espkajang@mycni.com.my	
	Kg. Melayu Subang	Lot 3674-Z, Kg Melayu Subang, 40000 Shah Alam.	03-78463407/019-2298942 espkampungsubang@mycni.com.my	
	Meru	No 38, Jln Meranti Putih 4, Tmn Meru Permai 2, 41050 Meru, Klang	012-2013490 espmeru@mycni.com.my	

	Distribution Centres/ Sales Points/ e-Sales Points (DC , SP & eSP)	Address	Tel	Fax
SELANGOR				
SP	Bukit Kapar SP	Lot 5298, Jln Haji Hashim, Bukit Kapar 42200 Klang.	03-33931686/019-3539897	
	Teluk Panglima Garang	Lot 2323, Lrg Aman Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021/016-3552162	
W.PERSEKUTUAN				
DC	Setapak DC	211 A, Jln Genting Klang, 53300 Setapak.	03-40245133	03-40239195
	Cheras DC	54-A, Jln Serkut, Tmn Pertama, Cheras 56100.	03-92877190	03-92877190
	Putrajaya DC	No. 38A, Tingkat Satu, Jln Diplomatik, Presint 15, 62502 Putrajaya.	03-88905337/012-3728337 w243@mycni.com.my	03-88905337
eSP	Bdr Baru Sentul	TB 08 Pusat Komuniti Dan Perniagaan Bandar Baru Sentul 51000 KL.	017-3359897 espsentul@mycni.com.my	
	OUG	57A Jalan Hujan Emas 8, Overseas Union Garden, 58200 KL.	03-79811850/012-2818478 espoug@mycni.com.my	
	Putrajaya	D-T03-U08 Blok D, Presint II 62300 Putrajaya.	013-2944337 espputrajaya@mycni.com.my	
	Jln San Peng	No 3A, Komplex Sri Selangor, Jln San Peng, 55200 KL.	013-5113616 espsanpeng@mycni.com.my	
SP	Datok Keramat SP	2, Lrg Keramat Dalam 2, Dato Keramat 54200.	03-42561469	
	Taman Seri Rampai	No. 7, Jln 20/26, Tmn Seri Rampai, 53300 KL.	03-40232122/012-3457337	
N.SEMBILAN				
DC	Seremban DC	656, Jln Haruan 4/10 Pusat Komersial Oakland,70300 Seremban.	06-6338337/019-6500588/ 06-7629361 (R)	06-6339337
	Tampin DC	No.1052, Tkt Atas, Jln Perhentian Bas, Pulau Sebang, 73000 Tampin.	06-4415128	06-4415128
	Nilai DC	PT 7165, Jln BBN 1/1A, Putra Point Phase 1, Bandar Baru Nilai 71800.	06-8500130	06-8500138
eSP	Bahau	No. PT 4509, Jln Puteri 17, Tmn Desa Puteri, 72100 Bahau.	06-4540846/019-9463956 espbahau@mycni.com.my	
	Senawang	131-2, Jln Tmn Kormesil Senawang 1, Tmn Kormesil Senawang, 70450 Seremban.	06-6788519/012-3141140 espsenawang@mycni.com.my	
	Port Dickson	No 367 Jln Desa Rusa 4, Tmn Desa Rusa, Bt 4 Jln Pantai, 71050 Port Dickson.	016-6632765 espdesarusa@mycni.com.my	
	Palong 2,Gemas	No 167 Block (A), Felda Palong Dua, 73450 Gemas.	017-3223877 esppalong2@mycni.com.my	
	Tmn Tengku Puan Chik	4075 Tingkat Atas, Tmn Tengku Puan Chik, 72100 Bahau.	013-6084159 espjempol@mycni.com.my	
MELAKA				
DC	Batu Berendam DC	11, Jln BBP 1 Tmn Berendam Putra 75350 Batu Berendam.	06-3369349/019-6555313/ 013-6189897	06-3350067
	Kota Laksamana DC	57-A, Jln Kota Laksamana 1/2, Tmn Kota Laksamana, 75200 Kota Laksamana.	06-2837617	06-2827723
eSP	Bukit Katil	2M, Jln Puyuh 4, Taman Tun Rahaa, 75450 Bukit Katil.	016-6321674/017-6055040 espbktkatil@mycni.com.my	
SP	Masjid Tanah SP	No 2681, Jalan BBMT 4, Taman Bandar Baru, 78300 Masjid Tanah.	06-3841080 / 013-6191208	06-3517809
	Pernu SP	590-1, Km 12 Kg Pemu, Pemu 75460.	06-2610012/012-6764096	06-2610012
	Paya Rumput SP	No. 22, Jln IKS PR2 IKS Paya Rumput, 76450 Paya Rumput.	06-3162001/013-6257842	
	Jasin SP	JB 2325-1A, Bdr Baru Jasin 3, 77000 Jasin Bandaraya.	019-6534599 myCNI@hotmail.com	
JOHOR				
DC	Taman Bukit Indah DC	72, Jln Indah Satu, Tmn Bukit Indah, 81200 Johor Bahru.	07-2363628/016-7338226/ 019-7713628	07-2379228
	Kulai DC	14, Tkt 1, Jln Raya, Kulai Besar 81000 Kulai.	07-6633467	07-6636467
	Taman Sentosa DC	277, Jln Sutera, Tmn Sentosa 80150 Johor Bahru.	07-3338995/016-7338995/ 012-7172937	07-3343862
	Taman Molek DC	7, Jln Molek 2/5 Tmn Molek, 81100 Johor Bahru.	07-3524731	07-3543466
	Muar DC	No. 3, Tmn Seri Gemilang, Jln Salleh, 84000 Muar.	06-9526590/019-6556563	06-9545191
	Kluang DC	No 36, Jln Cengkih, Tmn Makmur, 86000 Kluang.	07-7710242	07-7710242
eSP	Tmn Kota Masai	12A, Jln Tembikai 10, Tmn Kota Masai, 81700 Pasir Gudang.	07-2518634/019-7319896 esptmnkotamasai@mycni.com.my	
	Pontian	No 16, Tingkat Bawah, Tmn Sri Aman 82000, Pontian.	019-723 9897 esppontian@mycni.com.my	
	Felda Linggiu	497, Blk 21, Jln Limau 1, Felda Linggiu, Kota Tinggi 81900.	017-7070025/ 019-7241935 esplinggiu@mycni.com.my	
	Masai	19, Jln Bayan 31/1, Tmn Megah Ria, Masai, 81750 Johor Bahru.	07-3879468/013-7039468 espmasai@mycni.com.my	

	Distribution Centres/ Sales Points/ e-Sales Points (DC , SP & eSP)	Address	Tel	Fax
JOHOR				
eSP	Yong Peng	No 3, Jln Api-Api Tmn Suria, 83700 Yong Peng.	07-4675089/019-7149165 espypeng@mycni.com.my	
	Batu Pahat	90 Jln Setia Jaya 16, Tmn Setia Jaya, 83000 Batu Pahat	019-6556563 esptmnsetiajaya@mycni.com.my	
SP	Kota Tinggi SP	No. 23-A, Jln Kolam Air, Tmn Medan Indah, 81900 Kota Tinggi.	07-8832051/016-7572046/017-7319897 cnikotatinggi@gmail.com	
	Tangkak SP	23 Kampunng Baru Satu, 84900 Tangkak.	06-97820258/012-2317321	
	Tampoi SP	No. 40, Jln Padi, Bdr Baru Uda, 81200 Tampoi.	07-2357221/016-7177221 milza_2121@yahoo.com.my	
	Skudai SP	No. 18A, Jln Kebudayaan 1A, Tmn Universiti, 81300 Skudai.	07-5215620/013-7305335/019-7173515 myCNI@hotmail.com	
KELANTAN				
DC	Kota Bharu DC	PT397 Tingkat Bawah, Jln Dusun Raja, Sri Cemerlang15400 Kota Bharu.	09-7433625/019-9809897	09-7477433
	Machang DC	Lot 3117 Kweng Hitam, Jln Besar, 18500 Machang.	09-9758200	09-9758300
eSP	Pasir Mas	W2/458, Jln Hospital, 17000 Pasir Mas.	019-9184408/017-9096213 esppasirmas@mycni.com.my	
	Bukit Bunga	No. PT 1997/E, Bdr Baru Bukit Bunga, 17500 Tanah Merah.	013-9339847/019-9579897 esptanahmerah@mycni.com.my	
	Laloh	RPT Chuchoh Puteri B, 18000 Kuala Krai.	09-9604332/013-2913847 esplaloh@mycni.com.my	
	Kuala Krai	Cabang Tiga Bukit Sireh, 18000 Kuala Krai.	09-9609267 / 019-9340833 espkualakrai@mycni.com.my	
SP	Tumpat SP	No. 61, Jln Puteri Sa'dong, 16250 Wakaf Baru Tumpat.	019-9826533	
	Pasir Putih SP	Kg. Alor Hijau Selising, 16810 Pasir Putih.	09-7892988/019-9101825	
TERENGGANU				
DC	Kemaman DC	40-A, Jln Jakar, Chukai 24000 Kemaman.	09-8591028	09-8591028
	Dungun DC	PT 8574 Tkt Satu, Bgn AO, Jln Baru Pak Sabah, 23000 Dungun.	09-8423898	09-8423890
	Kuala Terengganu DC Cni	219, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6220085	09-6310085
eSP	Gong Badak	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308/013-9436988 espgongbadak@mycni.com.my	
	Kuala Besut Cni	777-C Depan Stesen Bas, Jln Besar, Seberang Barat, 22300 K. Besut.	09-6902868 espbesut@mycni.com.my	09-6902868
SP	Bandar Permaisuri Setiu SP	Depan Masjid Kg Banggol, 22100 Bdr Permaisuri Setiu.	09-6099899/019-9228508	
	Kerteh SP	759-5, Kg Baru 24300 Kerteh Kemaman.	017-9702384/019-3375967	
PAHANG				
DC	Temerloh DC	10, Tkt Bawah & Satu, Jln Sudirman 7, 28000 Temerloh.	09-2966127/09-2774753 (R)	09-2966127
	Kuantan DC	B.58, Jln 1 M3/10 BIM Point, Bdr Indera Mahkota, Jln Kuantan, 25200 Kuantan.	09-5732626/2628/ 013-9349897	09-5732636
	Mentakab DC	No. 16, Jln Anggerik, 28400 Mentakab.	09-2771463/019-9551626	09-2771463
eSP	Bentong	No. 7, Gerai MDB, Atas Hentian Raya Bentong, 28700 Bentong.	017-9141916/014-3201344 espbentong@mycni.com.my	
	Jengka	No E-40, SP CNI, Jln Besar Matau, Depan Giat Mara, 26400 Bandar Jengka.	09-4661379/ 013-6020451 espjengka@mycni.com.my	
	Kuantan Cni	B-1882 Lrg Sekilau 32, Tmn Pacific, 25200 Kuantan.	019-9839963 espkuantan@mycni.com.my	
	Lepar Hilir 2	No 213, Felda Lepar Hilir 2, 26300 Gambang, Kuantan.	019-9802369 espleparhilir02@mycni.com.my	
	Lepar Hilir 1	No 1 G/JKKR Tapak Pekan Sehari Felda Lepar Hilir 0126300 Gambang.	013-9881791 espleparhilir01@mycni.com.my	
	Rompin	No 11A (Atas), Jalan Cemara Utama, Taman Cemara 26800, Rompin.	012-269 6124/012-9592965 esprompin@mycni.com.my	
	Triang	6 Taman Cheng Siew. 28300 Triang.	016-9866568 esptriang@mycni.com.my	
	Chini 2	No 217 Felda Chini 2, 26690 Pekan.	013-9404042 espChini2@mycni.com.my	
	Cameron Highlands	S6 Tringkap Tanah Rata 39100 Cameron Highlands.	012-4522278 espcameron@mycni.com.my	

distribution centres/ sales points/ **e-sales points**

	Distribution Centres/ Sales Points/ e-Sales Points (DC , SP & eSP)	Address	Tel	Fax
PAHANG				
SP	Kuala Lipis SP	101A, Medan Niaga Bgn MARA, Jln Stesen, 27200 Kuala Lipis.	09-3122176/019-9661966	
SARAWAK				
DC	Sarawak Branch	Lot 9392, Section 64, Kuching Town Land District 3 1/2 Mile, Jln Pending, 93450 Kuching.	082-340619/340620 /340621	082-347176
	Sibu DC	No 1, 1st & 2nd Flr, Pusat Tanahwang, Jln Pedada, 96000 Sibu.	084-321284	084-321305
	Petra Jaya DC	Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching.	082-428714	082-428714
	Miri DC Cni	Lot 586, 1st Floor, Pelita Commercial Centre, Miri-Pujut Road, 98000 Miri.	085-410117/085-410118 (R)	085-410117
	Kuching DC Cni	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jln Tun Ahmad Zaidi Adruce, 93150 Kuching.	082-424313/019-8182623	082-240192
	Bintulu DC Cni	189, Park City Commerce Square, 97000 Bintulu.	086-310611/019-8151611	086-310611
	Sri Aman DC	No 6, Lot 1752, Jln Hospital, 95000 Bdr. Sri Aman.	083-325313/019-8195313	083-325313
	Jln Parry, Miri DC	6A, 1st Flr, Jln Parry, 98000 Miri.	085-437578/012-8041200	085-437578
eSP	Batu Niah	Ground Floor,L10 Batu Niah, Feeder Road,Niah 98200 Miri.	017-817 9897/019-855 7090	
	Kapit	KDC Allocated Fruit Stall, 96800 Kapit.	019-8056342 espkapit2@mycni.com.my	
	Sibu Jaya	Sublot 29,36, Lot 1192 Blk 1, Menyan Land Distric, Sibu Jaya 96000.	013-8312888 espsibu@mycni.com.my	
	Samariang	Lot 5107 Lrg Cahya Maju 2B, Taman Lake Side, Baru Samariang, Jalan Sultan Tengah, 93050 Kuching.	012-8872177/082-444191 espsamariang@mycni.com.my	
	Lutong	Lot 946 Jln Camar, Lutong Baru 98100 Miri.	014-8799588 esplutong@mycni.com.my	
	Song	D/A Brory Thomas, SK Cardinal Vaughan, 96850 Song.	019-8263930 espsong@mycni.com.my	
	Kota Samarahan	41 Lorong 12B/5, Desa Ilmu Kota Samarahan, 94300 Kota Samarahan.	013-8659897 espsamarahan@mycni.com.my	
	Serian	No 1 Serian Bazaar, 94700 Serian.	014-8811112 espserian@mycni.com.my	
SP	Sibu SP	54-C, Kg Hilir, 96000 Sibu.	084-332216/012-8819897	
	Mukah SP	83, Newtowship, 96400 Mukah.	084-871867/013-8063268	
	Limbang SP	Tingkat 1, Lot 1349, Jln Pandaruan, Kg Bangkita, 98700 Limbang.	085-215117/013-8337351	085-215117
	Bau SP	1, Tkt 1, Market Serbaguna, Majlis Daerah Bau, 94000 Bau.	019-8876390	
	Lawas SP	Grd Flr 14 Lot 256, Jln Masjid Baru, 98850 Lawas.	019-865 3693	
	Saratok SP	16, Lot 1864, Lorong 3, Tmn Lily, Jln Unak, 95400 Saratok.	017-2220133	
	Sarikei SP	No 5A, Jln Hj. Karim, 96100 Sarikei.	084-656397/019-8178229	
SABAH				
DC	Sabah Branch	Lot C6, Lrg 1A, KKIP Selatan, Kws MIEL, KKIP Jln Sepanggar, Menggatal 88460 Kota Kinabalu.	088-491100/01/02	088 - 491105
	Keningau DC	Lot 18, Tkt 2 Ribumi Complex, Jln Masak, Keningau 89000.	087-333715 / 335295 (R)/ 013-8658865	087 - 333715
	Lahad Datu DC	Ground Floor, MDLD 0156, Jalan Cempaka, 91100 Lahad Datu.	089-881953	089 - 881953
	Kota Kinabalu DC	Lot 29, block E, 1st Flr, Jln Albert Kwok Sedco, Complek Kg Air, 88000 KK	088-247790/013-8604168	088 - 247789
	Kunak DC	Kunak Plaza MDKNK 2327, 91207 Kunak.	089-852324/019-843 3229	089 - 852324
	Tawau DC	TB999, Jalan Utara, 91000 Tawau.	089-768154/019-8033413	089 - 776867
	Sandakan DC	Lot 52 (Tkt 1), Bdr Prima Batu 4, Jalan Utara 90000, Sandakan.	089-224868/013-4239897/ 019-9189897	089 - 211723
eSP	Tuaran	Lot No.13B PH II,1st Flr, Tmn Teo EE Teh, Shopping Complex, 89208 Tuaran	088-788037/016-8125888 esptuaran@mycni.com.my	088-788037
	Bandar Sandakan	Jln Player, Blk 17, Tkt 1, APT.CI P.PJU, 90307 Bdr Sandakan.	089-229132/019-8208799/ 019-5835847 espsandakan@mycni.com.my	087-429879
	Labuan	Lot 9B, Taman Hoi Yen, Jln Kerupang 2, 87000 W.P. Labuan.	013-8549879/013-5429897 esplabuan@mycni.com.my	
	Semporna	Ground Floor, Blok 4, Lot 3 Jalan PG Jakarullah 91308, Semporna.	013-5571668 espsemporna@mycni.com.my	
	Ranau	Blok I Lot 2, Bangunan SEDCO Ranau 89308 Ranau.	019-3785477 espranau@mycni.com.my	
	Papar	Lot 2, 1st Floor Comercial Centre, 89600 Papar	016-8405527 esppapar@mycni.com.my	

	Distribution Centres/ Sales Points/ e-Sales Points (DC , SP & eSP)	Address	Tel	Fax
SABAH				
SP	Tambunan SP	Peti Surat 14, Pekan Tambunan 89657.	019-8021699	
	Donggongon SP	Lot 7, (1st Floor), Block A, Donggongon Square, 89500 Penampang.	088-731687/012-8282687/ 013-8607687 cni_donggongon@yahoo.com.my	
BRUNEI				
DC	Brunei Branch CNI Enterprise (M) Sdn Bhd	Simpang 88 Unit No.9, Block B 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	Kg. Junjongan SP	No. 7 Blok D, Junjongan Industrial Park Simpang 2169 Kg. Junjongan Mukim Lumapas BH2123 Brunei	00673-8644041	
	Pasarneka Seria SP	Pasarneka Seria, Brunei	00673-8199897	
SINGAPORE				
DC	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	Ang Mo Kio Avenue	Blk 202, Ang Mo Kio Ave 3, #01-1668 Singapore 560202	02 - 92370642	
	Ang Mo Kio Avenue	Blk 409, #01-49, Ang Mo Kio Avenue 10	02 - 9189 3467	
	Serangoon North Avenue	Blk 152A, Serangoon North Avenue 1, #01-360	(02) 9128 3977	
	Geylang East Avenue	Blk 1014, Geylang East Avenue 3, #06-202	(02) 9670 6187	
	Bedok North Street	Blk 122, Bedok North Street 2, #01-126	(02) 6448 9328/ 9675 3849	

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-Second 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, 16 June 2011 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 Law Yang Ket as Director		
2.	Re-election of Chew Boon Swee as Director		
3.	Re-election of Lim Lean Eng 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.	Ordinary Resolution - Proposed Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965		
7.	Ordinary Resolution - Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8.	Ordinary Resolution - Proposed Renewal of Share Buy-Back Authority		
9.	Special Resolution - Proposed Amendment to the Articles of Association of the Company		

(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 ______________ 2011

____

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

* Delete whichever is/are not applicable

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

	No. of Shares	Percentage
First Proxy		%
Second Proxy		%
Total		100%

Notes:

1. A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. **A proxy need to be a Member of the Company** and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
5. For the purpose of determining a member who shall 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 10 June 2011. Only a depositor whose name appears on the General Meeting Record of Depositors as at 10 June 2011 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