CNI HOLDINGS BERHAD 181758-A

Growing with

Aspiring Entrepreneurs

Annual Report 2012

Cover **Rationale**

Growing with Aspiring Entrepreneurs

Nothing could contain the youthful energy and zestful spirit of an inspired, and aspiring entrepreneur.

Capturing this infectious enthusiasm, our confidence and spirit are high to explore further to create new opportunities and possibilities to help our aspiring entrepreneurs grow.

We are setting our sights on the global market, and we are prepared with a plan and a brand. We believe that if we can conceive it, our hearts should believe it and together, we can reach new heights.

Contents

Vision & **Mission**

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

	2012	2011	2010	2009	2008
Performance (RM'000)					
Revenue	115,819	126,582	134,441	158,512	181,886
Profit Before Taxation	1,760	2,987	3,480	10,150	23,458
Attributable profit	1,301	2,010	2,285	6,485	16,961
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	103,135	104,342	105,726	107,954	111,272
Total Assets	131,961	135,970	134,700	141,013	149,520
Borrowings	73	105	117	299	179
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	0.18	0.28	0.32	0.90	2.36
Net Dividend Per Share (sen)	0.30	0.30	0.61	1.35	0.89
Net Assets Per Share ("APS") (sen)	14.32	14.49	14.80	15.07	15.51
Gearing Ratio (%)	0.07%	0.10%	0.11%	0.3%	0.2%

Corporate **Profile**

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

Proud to be wholly Malaysian, CNI started as Homca Chemical Sdn Bhd and changed its name to Forever Young Holdings Sdn Bhd in 1991. Due to a restructuring in 2002 and subsequently a corporate exercise in 2004, it took its present name, CNI Holdings Berhad. In August 2005, it was listed on the Main Board of Bursa Malaysia Securities Berhad (now known as the Main Market of Bursa Malaysia Securities Berhad).

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

Under their stewardship, the company ventured into Brunei and Singapore besides aggressively building its network locally. Over 200 products under 5 categories namely nutritional & health, personal care & cosmetics, food & beverage, auto care and lastly, household, are available to provide complete solutions to meet its consumers' daily lifestyle requirements and health concerns.

Moving well ahead, it expanded into manufacturing. Now, 70% of CNI products are manufactured through its wholly-owned subsidiaries namely Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("QP").

EM and QP have been accredited with Good Manufacturing Practice (GMP) standards, ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and HACCP certifications, while much research and development (R&D) have been and are being carried out with various laboratories and research institutions to further improve existing CNI products.

Yayasan CNI, the Group's charity arm, has supported various local and international community service projects besides carrying out its unique Children Education Fund annually.

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, partners, customers and the greater society.

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

Awards & **Recognition**

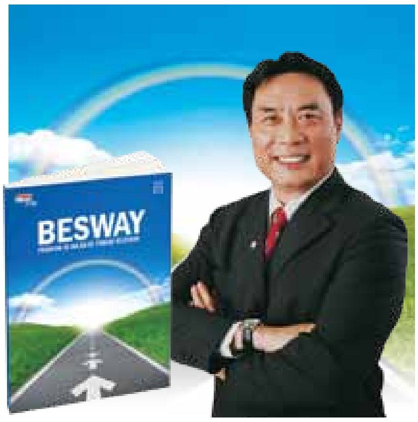
Dato' Koh Peng Chor was conferred Asia's "Direct Selling Honourable Figure" Award in Taiwan for his efforts in building and promoting the direct selling business in Asia Pacific.

CNI was awarded the Global Code of Ethics Initiative for GOLD Category by World Federation of Direct Selling Association (WFDSA) and Direct Selling Association of Malaysia (DSAM) in recognition of its commitment to follow, promote and communicate the direct selling code of ethics to its distributors and consumers.

Global Code of Ethics Initiative
WFDSA DSAM
CNI
2012 PARTICIPANT
Communicate • Promote • Follow

Corporate **Events**

CNI highlights a national treasured herb, tiger milk mushroom, in two of its latest products, the CNI White Coffee Cendawan Susu Harimau and Tiger Milk Mushroom Capsules, and introduced another new product, CNI Goat Milk.



The BESWAY module was introduced on 6 January 2012, designed to guide distributors to achieve the Million Diamond Agency Manager rank in 36 months.

1,200 distributors attended the CNI Champion Celebration (CCC) held on 25 February 2012 at Sepang Goldcoast to celebrate fellow distributors who received their rank promotions, incentives and special awards from CNI.

The new Café 99 Original Ipoh White Coffee with NO ADDED SUGAR and Café 99 Inspire & Win nationwide campaign were launched by Exclusive Mark (M) Sdn Bhd on 8 April 2012 and endorsed by Café 99 Ambassador, Dato' Lee Chong Wei.

Dato' Lee Chong Wei was appointed as ambassador and spokesperson for Well3 products and CNI White Coffee Cendawan Susu Harimau as part of CNI's brand building exercise.

"Go London Be Champion" contest was held from 15 May to 31 July 2012 to garner moral support for Dato' Lee Chong Wei at the London Olympics Game. Many luxury prizes, including free trip to London, holiday at Sepang Goldcoast and the new iPad, were offered.

Corporate **Events**

Extensive nationwide roadshows, carnivals, and DC and SP open day series uniting CNI leaders, distributors and staff were organised to aggressively promote the new Cendawan Susu Harimau products and the Quantum Resonance Health Analyser to the public.

82 “Cowboys” and “Red Indians” of CNI got together for a Wild, Wild West adventure at the Eagle Ranch Resort, Port Dickson on 23 to 25 June 2012 after successfully achieving the sales target that qualified them for this incentive.

The Health Awareness Campaign was launched on 1 August 2012 to create healthcare awareness in the community through healthy lifestyle and Well3 products. This ongoing campaign incorporates the Caring Community Project (PKP), promotions, Well3 workshops and seminars, Well3 Mobile Health Centre and health consultations.

In August 2012, a series of large-scale Recognition Nights for the Tamil-speaking market was organized in Kuala Lumpur, Ipoh and Sungai Petani that received great response.

Exclusive Mark (M) Sdn Bhd took part in the Canton Fair 2012 (The China Import and Export Fair), the largest biannual China trade fairs held in Guangzhou as part of its efforts to promote its products and services on 1-5 May and 31 October-4 November 2012.

On 8 December 2012, the Dreams Come True Convention, a distributor recognition ceremony for the Chinese market, was held in Ipoh and attended by 600 distributors to witness the new achievers of CNI.

Chairman's **Statement**

Moving forward, the Group will focus on the development and future growth of the existing businesses and expects profits from its direct selling business and manufacturing business.

Dato' Koh Peng Chor
Chairman

DEAR SHAREHOLDERS,

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 2012.

2012 continued to be a challenging year, fraught with major uncertainties and risks slanted towards the downside. The global economy weakened considerably with a growing number of developed economies, especially in the European zones, falling into a double-dip recession. Countries that faced sovereign debt distress moved even deeper into recession, while developed economies became caught in downward spiraling dynamics. However, Malaysia's strong economic fundamentals provided sufficient buffer despite heightened uncertainties in the external sector. Despite the overall challenges throughout 2012, the Group has managed to keep its fundamentals and financials healthy.

Chairman's **Statement**

FINANCIAL PERFORMANCE

Notwithstanding the challenges of 2012, the Group recorded revenue of RM115.8 million in 2012 compared to RM126.6 million in 2011. However, the Group achieved profit before tax of RM1.8 million in 2012 compared to RM3.0 million in 2011. The profit in 2012 included one-off gain on the disposal of investment properties of RM0.9 million and change in fair value of investment properties of RM0.8 million. The decrease in profitability was due to high endorser expenses on advertising and promotional activities.

CORPORATE DEVELOPMENTS

To leverage on the technical expertise in the retail food & beverage (F&B), the Group (through its subsidiary) has entered into a joint venture cum shareholders agreement with Oversea Enterprise Berhad (through its subsidiary) to enable the parties to collaborate and jointly participate in the management and operations of the joint venture company in the F&B industry with an initial paid-up capital of RM1.325 million.

As part of the efforts to accelerate the growth of CNI's business, the Group reorganised its structure where the entire equity interest in CNI Global (Malaysia) Sdn Bhd (Formerly known as Regal Effect Sdn Bhd) was transferred to CNI Enterprise (M) Sdn Bhd for carrying on the business of sales and distribution of health care and consumer products internationally.

Moving forward, the Group will focus on the development and future growth of the existing businesses and expects profits from its direct selling business and manufacturing business. We are confident that these businesses will grow and create value for the shareholders of the Company given the Management's business plans to develop and expand the said businesses further.

DIVIDEND

In view of the performance in 2012, the Board has declared an interim franked dividend of 0.4 sen gross per share with a total net dividend payout of RM2.14 million in respect of the financial year under review.

REVIEW OF OPERATIONS

Marketing & Trading

The direct selling business is still the main source of revenue in the Group and accounts for almost 73% of the Group's total revenue.

CNI has always believed that 'people' are central to our business. In 2012, CNI rolled out several initiatives that focused on nurturing and motivating our members. We introduced the BESWAY – an enhanced training module to guide our members for better sales productivity and achievement. We have never stopped conducting the necessary trainings to hone our members' marketing and business building skills and leadership abilities.

To support the growth of CNI's products, we embarked on continuous new product introduction plan. In 2012, we launched 38 SKU new and upgraded products. Among these, a new addition to the food and beverage (F&B) range, *CNI Goat Milk.* Another major launch was the introduction of a treasured local herb, Cendawan Susu Harimau, which is incorporated into two of our new products, *Well3 Cendawan Susu Harimau* and *CNI White Coffee Cendawan Susu Harimau.*

Our brand building efforts are focused on the food supplements and F&B products. In 2012, we appointed Dato' Lee Chong Wei as ambassador and spokesperson for food supplements brand Well3 and CNI White Coffee Cendawan Susu Harimau. The "Go London Be Champion" contest which garnered moral support for Dato' Lee at the 2012 London Olympics, was held online in CNI Facebook and this has enabled CNI to connect and engage with not just our members, but also the public at large. Thus, CNI and our flagship brand, Well3, have now become more accessible, especially to the younger generation. Apart from that, we

Chairman's **Statement**

have also used the power of the local daily newspapers in Bahasa Malaysia, Chinese and Tamil, to create Well3 brand awareness throughout Malaysia.

In 2012, we had organised extensive nationwide road shows, carnivals, and open days uniting CNI sales leaders, members and staff to aggressively promote Cendawan Susu Harimau products and the Quantum Resonance Health Analyser to the public. The Health Awareness Campaign was launched to create health awareness in the community through healthy lifestyle and Well3 food supplements. The campaign incorporated the Caring Community Project (PKP), promotions, Well3 workshops and seminars, Well3 Mobile Health Centre and health consultation.

Every year, high-achievers are rewarded and given special recognition for progressing to the next level. In 2012, the CNI Champion Celebration (CCC) was held at Golden Palm Tree Iconic Resort & SPA in Sepang Goldcoast. The leader guest speakers shared their success stories and inspired higher participation from the audience.

Manufacturing

The manufacturing business experienced challenges on higher input cost due to rising and ever-increasing raw materials cost. This put continuous pressure on our gross margins and highlighted the need for further internal cost saving measures.

In 2012, we appointed Dato' Lee Chong Wei as the ambassador and endorser of Café 99. We also launched new additions to Café 99 coffee series, namely *Café 99 Original Ipoh White Coffee with No Added Sugar* and *Café 99 Hazelnut Ipoh White Coffee.* In tandem with this appointment, the Café 99 Inspire & Win nationwide campaign and Our Hero, Our Pride campaign were launched with a special appearance by Dato' Lee to boost the sales of Café 99.

Café 99 has thus far penetrated into the international markets in China, Hong Kong, the Netherlands, Indonesia and USA.

The Group's manufacturing operations have been extended to Taiwan to meet higher global market demand for Life Enzyme. Meanwhile, our Research and Development (R&D) team is continuously collaborating with various laboratories and research institutions to further improve our existing products.

Retail - Food & Beverage (F&B)

In May 2012, the Group (through its subsidiary) has collaborated with Oversea Enterprise Berhad (through its subsidiary) to enable the parties to share the risks and returns of this new collaboration. Furthermore, the joint venture company is able to leverage on the combined strength and technical expertise of the parties in the F&B and consumer segments respectively.

AWARDS AND RECOGNITION

During the financial year 2012, CNI was awarded the Global Code of Ethics Initiative (GOLD Category) by the World Federation of Direct Selling Association (WFDSA) and Direct Selling Association of Malaysia (DSAM) in recognition of its commitment to follow, promote and communicate the direct selling code of ethics to its members and consumers.

In March 2013, CNI was conferred the Oriental Direct Selling Award in the 2013 Direct Selling Industry Conference organised by the Oriental Daily News in recognition of its efforts and contributions towards the local direct selling industry.

FUTURE PROSPECT

The Group expects the global economic outlook for 2013 to remain uncertain, with growth expected at a moderate level, due to the Eurozone debt crisis which remains unresolved, despite the United States of America economy having improved moderately. The growth of Malaysian economy is expected to be in the region of 5% given by the resilience displayed by the domestic economy, which is largely driven by domestic private investments.

The direct selling industry is expected to remain resilient. Competition in the direct

Chairman's **Statement**

selling industry will continue to be keen. Direct selling companies will continue to strive for innovation in products and services to achieve competitive advantage.

Going forward, direct selling remains the core business of the Group. We will design a new business model to create new opportunities and possibilities to help our members to earn higher income in the global market. New product introductions and tactical promotional activities will continue to drive growth and support our members in expanding their businesses.

The Group will continue to tap on its expertise in the research and development of new products, especially food supplements and coffee beverage series, to serve its unique network marketing channel as well as its trading export markets via its manufacturing arm.

The Group will continue to invest in brand building via media channels and social media arena. We view these platforms as having particular importance because of its potential to engage our members and the public at large. Leveraging on new communication social media will also put CNI in a better position to attract younger members and consumers.

The Group will enter into the Thailand direct selling market to further drive the Group's business and strengthen the Group' financial performance. This is part of the Group's strategy for geographical expansion into international market.

CNI's manufacturing arm remains committed to expand and widen its local and export markets via external contract manufacturing and international trading in its drive for continuous growth. In turn, this will enhance its plant optimisation to achieve maximum cost optimisation.

The Board is confident that the Group will perform satisfactorily in 2013 despite the prevailing challenging global economic environment.

APPRECIATION

On behalf of the Company, I would like to record my utmost appreciation to our shareholders, the Board of Directors, the management, our employees, members and all other stakeholders for your continued support, perseverance and dedication in the face of the year's volatile economic situation and our challenging business environment.

I look forward to your continual support as we move forward into a new year.

Dato' Koh Peng Chor
Chairman

Group **Structure**

CNI Holdings Berhad

- 100% **CNI Enterprise (M) Sdn Bhd**
  - 100% **CNI Global (Malaysia) Sdn Bhd** (Formerly known as Regal Effect Sdn Bhd)
    - 49% **Tunas Citarasa Sdn Bhd**
  - 100% **Creative Network International (S) Pte Ltd**
  - 49% **Creative Network International (Thailand) Co., Ltd**
- 100% **Exclusive Mark (M) Sdn Bhd**
  - 100% **Bright Way Avenue Sdn Bhd**
  - 70% **Top One-Biotech Co., Ltd**
- 100% **Q-Pack (M) Sdn Bhd**
- 100% **Symplesoft Sdn Bhd**
  - 100% **Symplesoft eSolutions Sdn Bhd**
  - 60% **Sierra Edge Sdn Bhd**
- 100% **Infuso Sdn Bhd**
- 70% **Lotus Supplies Sdn Bhd**
- 30% **Agriscience Biotech (Malaysia) Sdn Bhd**

Corporate **Information**

BOARD OF DIRECTORS

Dato' Koh Peng Chor
Non-Executive Chairman

Cheong Chin Tai
Executive Director

Koh How Loon
Executive Director

Tan Sia Swee
Executive Director

Law Yang Ket
Executive Director

Chew Boon Swee
Executive Director

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

Zulkifli Bin Mohamad Razali
Independent Non-Executive Director

Lim Lean Eng
Independent Non-Executive Director

AUDIT COMMITTEE

Dr. Ch'ng Huck Khoon
Chairman

Zulkifli Bin Mohamad Razali

Lim Lean Eng

NOMINATION COMMITTEE

Zulkifli Bin Mohamad Razali
Chairman

Dato' Koh Peng Chor

Dr. Ch'ng Huck Khoon

Lim Lean Eng

REMUNERATION COMMITTEE

Dato' Koh Peng Chor
Chairman

Chew Boon Swee

Dr. Ch'ng Huck Khoon

Zulkifli Bin Mohamad Razali

Lim Lean Eng

COMPANY SECRETARY

Chin Yoke Kwai
(MAICSA 7032000)

AUDITORS

Messrs Baker Tilly AC
(Formerly known as Moore Stephens AC)
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1199
Fax : 03-2297 1194

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)
Citibank Berhad

SOLICITORS

Messrs Ong & Kok

STOCK EXCHANGE LISTING

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

Profile of **Directors**

DATO' KOH PENG CHOR
Non-Executive Chairman

Dato' Koh Peng Chor, a Malaysian, aged 61, was appointed to the Board of CNI on 11 December 1990. He also serves as the Chairman of the Remuneration Committee and Investment Committee and is a member of the Nomination Committee.

He received the Honorary Doctor of Philosophy in Multilevel Marketing by Summit University, USA in 1999. He 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. He assumed his current position as the Chairman of CNI in February 2012.

Dato' Koh is a major shareholder of the Company. His son, Mr. Koh How Loon, is also a member of the Board. His spouse, Datin Chuah Tek Lan is a major shareholder of CNI.

CHEONG CHIN TAI
Executive Director

Cheong Chin Tai, a Malaysian, aged 51, was appointed to the Board of CNI on 18 September 2003. He serves as the Chairman of Risk Management Committee and Executive Management Committee and is a member of the Investor Relations Committee and Investment Committee.

He graduated with a Bachelor of Science from the University of Manitoba, Canada in 1987 and a Master of Business Administration from the University of Illinois, USA in 2001. He is a board member of the Direct Selling Association of Malaysia. He has been a member of the Malaysian Institute of Management since 2001. Mr. Cheong began his career with Direct Circle Corporation as Marketing Executive in 1988 before joining Aetna Insurance Bhd as Branch Officer from 1990 to 1992. He was the Executive Director of Luxome Marketing Sdn Bhd from 1992 to 1993. He was also the Executive Director of CNI Hong Kong Ltd. from 1993 to 2001. Mr. Cheong served as the Operations Director of CNI Enterprise (M) Sdn Bhd ("CNIE") and CEO of CNIE from 2001 to 2010. He assumed his current position as the Chairman of CNIE in 2011.

KOH HOW LOON
Executive Director

Koh How Loon, a Malaysian, aged 35, was appointed to the Board of CNI on 1 February 2012. He also serves as a member of the Executive Management Committee, Investment Committee, Risk Management Committee and Investor Relations Committee.

He graduated with a Bachelor of Administration in Supply Chain Management from the University of Michigan State, USA in 2001 and a Master in Business Administration from University of Victoria, Australia in 2006. He started his career with CNI Enterprise (M) Sdn Bhd ("CNIE") as Management Trainee in 2001. He was the Personal Assistant to the Group Chairman & CEO of CNI from 2005 to 2006. He was appointed as Executive Director of CNIE in 2007. He assumed his current position as the CEO of CNIE in 2011.

His father, Dato' Koh Peng Chor, is the Chairman of CNI and a major shareholder of CNI. His mother, Datin Chuah Tek Lan, is a major shareholder of CNI.

Profile of **Directors**

TAN SIA SWEE
Executive Director

Tan Sia Swee, a Malaysian, aged 53, 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 and Investment Committee.

He graduated with a Diploma in Malay Studies from Southern College of Johor Bahru in 1982. He started his career with The Federation of Selangor Guilds & Association, Kuala Lumpur as Executive Secretary in 1983. He is a co-founder of CNI. His current responsibilities include overseeing the Group's corporate communication.

LAW YANG KET
Executive Director

Law Yang Ket, a Malaysian, aged 53, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Executive Management Committee and Investment Committee.

He graduated with a Bachelor of Education from the National Taiwan Normal University, Taipei in 1983. He joined the Malaysia Chinese Association, MCA Youth Johor Branch as Executive Secretary in 1985. Subsequently in 1987, he took up the position of Consultant at Dynamic Leadership Development Consultancy. He is a co-founder of CNI. He is currently acting as a key advisor on marketing strategies and business development of CNI Enterprise (M) Sdn Bhd.

CHEW BOON SWEE
Executive Director

Chew Boon Swee, a Malaysian, aged 53, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Executive Management Committee, Remuneration 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 as well as an international member of the Institute of Food Technologist. He joined Empire Food Industries Sdn Bhd as Production Executive in 1984 and was the Production and R&D Executive with Fortune Lab (M) Sdn Bhd from 1987 to 1991. He is credited for setting up the GMP, ISO and HACCP accreditations for the manufacturing operations of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("QP"). He assumed his current position as the CEO of EM and QP in 2005. His current responsibilities include overall management for both manufacturing and operations.

Profile of **Directors**

DR. CH'NG HUCK KHOON
Independent Non-Executive Director

Dr. Ch'ng Huck Khoon, a Malaysian, aged 44, 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 graduated with a Diploma in Commerce, Business Management from Tunku Abdul Rahman College Kuala Lumpur in 1993 and a Master of Business Administration (Finance) from University of Stirling, United Kingdom in 1994. He received the Doctor of Philosophy in Finance by the Universiti Sains Malaysia (USM) in 2001. He is an Associate Member of the Institute of Chartered Secretaries and Administrators (ICSA), United Kingdom. He is currently an Independent Non-Executive Director of YGL Convergence Berhad and AT Systematization Berhad. He was a Capital Markets Services Representative License holder with A A Anthony Securities Sdn Bhd for 15 years.

ZULKIFLI BIN MOHAMAD RAZALI
Independent Non-Executive Director

Zulkifli Bin Mohamad Razali, a Malaysian, aged 53, 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, a Diploma in Management Studies from Warwick University, United Kingdom in 1985 and a Master of Science in International Economics & Banking from University of Wales, United Kingdom in 1988. He began his career with Bank Pembangunan Malaysia Berhad as Project Officer in 1983 before joining Commerce International Merchant Bankers (CIMB), Corporate Advisory Department from 1988 to 1993. He was the Managing Director of Marzin Transport Sdn Bhd from 1993 to 1997. He is currently the Managing Director of Marzin Sdn Bhd.

LIM LEAN ENG
Independent Non-Executive Director

Lim Lean Eng, a Malaysian, aged 46. 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. He joined Oriental Capital Assurance Berhad as Manager, Accounts & Finance in 1995, and was the Investment & Property Manager with PC Marketing Sdn Bhd from 2005 to 2007. He is currently a Director of Daden Culture (M) Sdn. Bhd.

Notes:
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of CNI, have no conflict of interest with the Company and have not been convicted of any offence within the past 10 years.

Details of the Directors' attendance at Board meetings are set out in the Statement on Corporate Governance on page 22.

Statement of **Corporate Social Responsibility**

CNI has evocated corporate social responsibility (CSR) since its inception in 1989. For the past 23 years, this social integrity practice has spread to encompass CNI Sports & Recreational Club for the staff, Yayasan CNI and other community programmes as well as philanthropic activities. In addition, environmental, health and safety (EHS) issues have also become part of the Group's business and operations priorities.

YAYASAN CNI

Established in 1998, Yayasan CNI is the Group's charity arm that aims to reach out and aid people in need regardless of race, colour or religion.

To date, it has been involved in numerous charitable missions and projects including:-

- raising fund totalling RM500,000 for tsunami victims in India, Indonesia and Malaysia.
- donating 100 units of WaterLife Filter System to charity homes in Malaysia, Brunei and Singapore.
- donating 40 tonnes of food and goods to Afghanistan refugees.
- sponsoring a yearly cash amount of RM5,400 to the natives of a settlement in Sabah for their children's education for a period of five years.
- donating RM10,000 each to Mynmar Cyclone Nargis Relief Fund and the Sichuan Earthquake Relief Fund.
- donating humanitarian aid worth RM100,000 to flood victims in Kedah and Perlis.
- donating RM10,000 worth of grocery things such as CNI Gold Meal, CNI Cocoa and others products to orphan and disabled children.
- contributed over RM2 million to about 50,000 children of its distributors under the CNI Children Education Incentive.
- establishing the Single Parent Family Programme since 2008 that includes on-going career development programme, subsidised workshops, scholarships, cash donations and others for Malaysian single parents and their children.

COMMUNITY PROGRAMMES

Keeping up with Malaysia's community diversity, the Group attempts to promote multiracial harmony through cultural activities and community programmes such as:-

- Road Safety Campaign by giving out 50,000 booklets on road safety.
- The Legend of Liu San Jie Musical.
- Pentas Amal Cintai Malaysia which attracted a multiracial audience of over 10,000 people.
- 1 Million UP Café Giveaway of hot coffee and TAGG coffee sticks at selected toll plazas and public areas during the festive "balik kampung" exodus.
- Zhejiang Chinese Orchestra Concert

Statement of **Corporate Social Responsibility**

AS/NZS ISO 9001 : 2008

SQI-HACCP

BS OHSAS 18001 : 2007

ISO 14001 : 2004

ENVIRONMENT, HEALTH & SAFETY (EHS)

Being in the food, beverage and consumer products manufacturing business, practicing good hygiene, quality control, food safety and handling is the Group's utmost imperative that is supported by our Environmental Management System (EMS) which embrace the 3Rs – Reduce, Reuse and Recycle.

Its two manufacturing plants, Exclusive Mark (M) Sdn Bhd and Q-Pack (M) Sdn Bhd, had been designed and constructed to comply with strict international Good Manufacturing Practice (GMP) specifications in order to facilitate proper manufacturing operations, and the safety and quality standards of our products and processes.

The enforcement of Occupational Health and Safety Management System (OHSAS) further enhanced the Group's effort to provide a safe and healthy environment to all employees.

Continuous improvement on systems and practices is focused on the following areas:-

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

INTERNAL HALAL COMMITTEE

All CNI products are or pending Halal certification by the Department of Islamic Development Malaysia (JAKIM). CNI takes into account the concept of "*Halalan Toyibban*" (permissible and wholesome) based on the Syariah laws. The Halal regulatory requirements are also extended to other manufacturing standards practised by CNI's manufacturing plants.

The CNI Halal policy is established to provide assurance that all CNI products currently available do not contain ingredients from non-Halal sources or its derivatives. The certified Halal status provides assurance that CNI products are manufactured, imported, exported and distributed under the strictest hygienic and sanitary condition in accordance to the Islamic law. The CNI Halal policy is set to provide a direction and framework for establishing and reviewing Halal issues.

CNI Internal Halal Committee has also been set up to take charge of all matters pertaining to Halal compliance and certifications. Representatives from all stages of the production line (from selection of raw material, manufacturing up to delivery) formed the Committee to ensure all processes adhere to the Halal requirements for present and future products.

CNI SPORTS & RECREATIONAL CLUB

The club is a recreational outlet for all CNI Group's employees and managed by elected employees to organise social and sporting activities, such as monthly staff assembly to convey various management and staff updates, sports sessions and tournaments, festive and special celebrations, educational talks, monthly recycling campaign, outings, visits and annual dinner.

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

Statement on **Corporate Governance**

INTRODUCTION

The Board of Directors ("Board") of CNI Holdings Berhad recognises the importance and commits to the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("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 recommendations of the Code throughout the financial year.

THE BOARD OF DIRECTORS

Roles and Principal Duties

The Board delegate the day-to-day management of the Group's business to the Executive Directors and Management of the Company and its subsidiary companies, but reserves for its consideration significant matters such as the following:-

- Approval of financial results
- Declaration of dividends
- Short-term and medium-term business plans
- Annual budget
- Appointment of key responsible persons

The Board delegates and confers some of the Board's authorities and discretion on the Executive Directors as well as on properly constituted Committees comprising Non-Executive Directors.

The Board is responsible for formulating and reviewing the Group's strategic plan and key policies, and providing effective oversight of the Management's performance, risk assessment and controls over business operations.

The principal responsibilities of the Board include the following:-

- Formulating the Group's annual business plans, and the medium-term and long-term strategic plans
- Approving the Group's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets
- Overseeing of the Group's business operations and financial performance
- Ensuring that the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls, are in place and properly implemented

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 and technical areas the Group is involved in.

Directors' Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of the board of directors, senior management and all employees of the Group as set out in the CNI Values and Ethical Workplace Behavior Booklet, and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Board Composition and Balance

The Board consists of nine (9) members, five (5) of which are Executive Directors and the remaining four (4) are Non-Executive Directors (including the Chairman). Three out of the four Non-Executive Directors are Independent Directors.

The appointment of a new Executive Director reflects that Board's attention to the need to infuse "new blood" into the Board.

The Board recognises the value of women member of the Board and will take initial step towards achieving the gender diversified Board.

The profile of each of the Member of the Board is as presented on pages 16 to 18 of this Annual Report.

The Board has established the roles and responsibilities of the Non-Executive Chairman, which are distinct and separate from the duties and responsibilities of the Chief Executive Officer (CEO). This segregation between the duties of the Non-Executive Chairman and the CEO, ensures an appropriate balance role, responsibility and accountability at the Board level. In the interim, Dato' Koh Peng Chor is holding the position of Chairman of the Company while the Board identifies and selects a suitable candidate to fill the CEO's position of the Company.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business and the reporting of quarterly business performances.

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 pencil the next year's Board meetings into their respective meeting schedules.

Statement on **Corporate Governance**

The Board hold regular meetings of at least four (4) times a year. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration. During the financial year, the Board held a total of four (4) meetings.

At the Board meetings, the Board is informed of the decisions and salient issues deliberated by the Board Committees and Management Committees through minutes of these committees. The Board Members deliberate, and in the process, assess the viability of business propositions and corporate proposals that may have significant impact on the Group's business or on its financial position, and the mitigating factors.

The Chairman of the Audit Committees would inform the Directors at Board meetings, of any salient audit findings deliberated at the Audit Committee meetings and which require the Board's notice or direction.

The minutes of Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. Directors may request for clarification or raise comments on the minutes before the minutes are tabled for confirmation and upon receiving confirmation from all the members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

The Directors remain fully committed in carrying out their duties and responsibilities as reflected by their attendance at the four (4) Board meetings held during the financial year ended 31 December 2012 as follows:

Director	**Attendance at Board Meetings**
Dato' Koh Peng Chor *Non-Executive Chairman*	4/4
Cheong Chin Tai *Executive Director*	3/4
Koh How Loon *Executive Director*	3/4
Tan Sia Swee *Executive Director*	4/4
Law Yang Ket *Executive Director*	4/4
Chew Boon Swee *Executive Director*	3/4
Dr. Ch'ng Huck Khoon *Independent Non-Executive Director*	4/4
Zulkifli Bin Mohamad Razali *Independent Non-Executive Director*	4/4
Lim Lean Eng *Independent Non-Executive Director*	4/4

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.

Supply of and Access to Information

The Board has direct access to the Senior Management and has unrestricted and immediate access to any information relating to the Group's business and affairs in the discharge of their duties. The Directors may request to be furnished with further details information or clarification on issues tabled to the Board. The Financial Controller attends Board meetings by invitation to report to the Board on the financial performance of the Group and to update the Board on the new accounting standards.

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.

Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary on new statutes and directives issued by the regulatory authorities. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Group and the Directors arising from new statutes and guideline issued by the regulatory authorities.

The Company Secretary briefs the Board on the proposed contents and timing of material announcements to be made to Bursa Securities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed period for trading in CNI shares, in accordance with the black-out periods for dealing in the Company's shares pursuant to Chapter 14 of the Main Market Listing Requirements of Bursa Securities.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also facilitates timely communication of decision made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

Appointment and Re-Election to the Board

The appointment of new Director is made based on the recommendation of the Nomination Committee. 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.

Statement on **Corporate Governance**

The Company's Articles of Association provide that at every annual general meeting of the Company, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall 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.

The performance of those Directors who are subject to re-election of Directors at the annual general meeting of the Company will be assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-election of the Director concerned for shareholders' approval at the next annual general meeting.

Annual Assessment

The Board has entrusted the Nomination Committee with the responsibility for carrying out an annual assessment on the performance of the Directors of the Company and the Group. The Company Secretary assisted the Board in coordinating the annual assessment internally which comprises Executive Directors and Non-Executive Directors.

The 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 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.

Training of Directors

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.

Pursuant to the Main Market Listing Requirements of Bursa Securities, a newly appointed Director is required to attend the Mandatory Accreditation Programme (MAP) in full and procure a certificate from the programme organiser approved by Bursa Securities to confirm his completion of the MAP. He is required to complete the MAP within 4 months of his appointment.

Koh How Loon, who was appointed as an Executive Director on 1 February 2012, has attended and successfully completed the MAP.

The Company Secretary facilitates the organisation of internal training programmes and Directors' attendance of external seminars and programmes, and keeps a complete record of the training received or attended by the Directors.

Details of seminar and training programmes attended by Directors in 2012 are as follows:

Course Title	Date
Business Innovation & Growth Strategies. A Marketing & Technology Roadmap for Growing Market	7 February 2012
Going Beyond Excellence	4 May 2012
Behavioral Corporate Finance: Decision that Create Value	31 May 2012
Study Trip to Eu Yan Sang	11 July 2012
Networker Training	16 August 2012
Behavioral Corporate Finance: Share Valuation & Capital Budgeting	1 October 2012
Key Performance Indicators (KPI) at Work	7 - 8 November 2012
Mergers & Acquisitions – the Turn Around Strategy	29 November 2012

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.

Directors' 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 Group 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 Non-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.

Statement on **Corporate Governance**

Details of the remuneration of the Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies during the financial year ended 31 December 2012 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	364,000
Salaries	3,159,390*	-
Benefits in kind	58,303	-
Retirement benefits	488,563	-
Allowances	-	30,500
Total	**3,706,256**	**394,500**

**Included the salary attributable to the CEO of the Company prior to his re-designation as Non-Executive Director of the Company on 1 February 2012.*

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

	Number of Directors	
Range of remuneration	**Executive Directors (RM)**	**Non-Executive Directors (RM)**
RM50,001 to RM100,000	-	3
RM250,001 to RM300,000	-	1
RM400,001 to RM450,000	1	-
RM700,001 to RM750,000	1	-
RM750,001 to RM800,000	1	-
RM850,001 to RM900,000	2	-

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.

BOARD AND MANAGEMENT COMMITTEES

The Board has established a number of Board Committees whose compositions and terms of reference are consistent with the recommendations of the Code.

The functions and terms of reference of Board Committees and Management Committees, as well as authority delegated by the Board to these Committees, are reviewed from time to time to ensure that they remain relevant and are up-to-date.

Audit Committee

The Company's Audit Committee comprises exclusively of Non-Executive and Independent Directors.

The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 31 to 33 of this Annual Report.

The Audit Committee meets at least four (4) times a year. The attendance of Members at the Audit Committee meetings held in 2012 is reflected in this Statement on page 26.

Remuneration Committee

The Remuneration Committee is made up exclusively of Non-Executive Directors, the majority of whom are Independent Non-Executive Directors.

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 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. The attendance of Members at the Remuneration Committee meetings held in 2012 is reflected in this Statement on page 26.

Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, the majority of whom are Independent Directors.

The terms of reference of the Nomination Committee are as follows:-

- To recommend and consider candidates proposed to the Board for the appointment of Managing Director, Executive Director and Non-executive Director positions for both the Company and its subsidiary companies
- To recommend directors to fill the seats on Board Committees
- To recommend to the Board the removal of a Director/CEO from

Statement on **Corporate Governance**

the Board/Management if the Director/CEO is ineffective, errant and negligent in discharging his responsibilities

- To ensure that all directors receive appropriate continuous training programmes in order to keep abreast with developments in the multi level marketing industry and with changes in the relevant statutory and regulatory requirements

- To assess the effectiveness of the Board as a whole, the Board Committees and contribution of each director through an evaluation process

- To establish a formal and transparent procedures for appointment of new directors to the Board and make recommendations which include:-

  - establishing selection criteria for both executive and non-executive directors
  - short listing, assessing and evaluating suitable candidate against selection criteria and organization's needs and objectives

- To ensure the Board has an appropriate balance of required expertise and skills/abilities needed to govern the organization towards achieving its intended goals and objectives

The Nomination Committee meets as and when required, and at least once a year. The attendance of Members at Nomination Committee meetings held in 2012 is reflected in this Statement on page 26.

Risk Management Committee

The Risk Management Committee comprises of the Executive Directors and Senior Management responsible for risk in the Group.

The salient terms of reference of the Risk Management Committee are as follows:-

- To provide a platform for risk management issues to be discussed and disseminated to all level within the Group

- To oversee the formal development and implementation of risk management policy encompassing Strategic, Operational, Compliance and Financial risks

- To raise the level of management awareness and accountability towards risk management

- To develop risk management as part of the culture of the Group

The Risk Management Committee holds quarterly meetings. The attendance of Members at Risk Management Committee meetings held in 2012 is reflected in this Statement on page 26.

Executive Management Committee

The Executive Management Committee comprises mainly of Executive Directors of the Company and its subsidiary companies.

The roles of the Executive Management Committee are to assess and review the Group's commercial and financial performance, business development and direction, management and corporate issues.

The Executive Management Committee holds monthly meetings. The attendance of Members at Executive Management Committee meetings held in 2012 is reflected in this Statement on page 26.

Investor Relations Committee

The Investor Relations Committee comprises of Executive Directors and Senior Management responsible for investor relations in the Group.

The roles of the Investor Relations Committee are to identify the investor relations functions within the Group, recommend appropriate action plan and activities of investor relations and responsible for the implementation and coordination of the investor relations process of the Group.

The Investor Relations Committee holds meetings once a year. The attendance of Members at Investor Relations Committee meetings held in 2012 is reflected in this Statement on page 26.

Investment Committee

The Investment Committee comprises mainly of Executive Directors of the Company.

The Investment Committee is empowered to assist the Board in fulfilling its oversight responsibility for the investment and/or divestments of the Company and 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 Investment Committee holds quarterly meetings. The attendance of Members at Investment Committee meetings held in 2012 is reflected in this Statement on page 26.

Statement on **Corporate Governance**

The attendance of Members at the Board and Management Committees meetings held in 2012 is reflected as follows:

Name	Audit Committee	Remuneration Committee	Nomination Committee	Executive Management Committee	Risk Management Committee	Investor Relations	Investment Committee
Dato' Koh Peng Chor *Non-Executive Chairman*		1/1	4/4[(1)]				5/5
Cheong Chin Tai *Executive Director*				12/12	4/4	0/1	4/5
Koh How Loon *Executive Director*				12/12	4/4	0/1	4/4[(1)]
Tan Sia Swee *Executive Director*				11/12		1/1	5/5
Law Yang Ket *Executive Director*				10/12			4/5
Chew Boon Swee *Executive Director*		1/1		10/12		1/1	4/5
Dr. Ch'ng Huck Khoon *Independent Non-Executive Director*	5/5	1/1	5/5				
Zulkifli Bin Mohamad Razali *Independent Non-Executive Director*	5/5	1/1	5/5				
Lim Lean Eng *Independent Non-Executive Director*	5/5	1/1	5/5				
Wong Siew Fong *Executive Director*				12/12		1/1	
Koh Tiah Siew *Executive Director*				10/12	3/4		
Cheong Chee Kee *Executive Director*				10/12	3/4		
Chan Kok Liang *Executive Director*				12/12	3/4		
Koh Teng Kiat *Executive Director*				12/12[(2)]			
Loo Yee Wei *Financial Controller*					4/4[(2)]	1/1	
Idril Bin Idris *Head of Corporate Communication*						1/1	
Chin Yoke Kwai *Company Secretary*						1/1	
Total number of meeting for 2012	**5**	**1**	**5**	**12**	**4**	**1**	**5**

Chairman **Member**

Notes:
(1) Appointed as Member on 1 February 2012
(2) Attendance of the member and/or his representative

Statement on **Corporate Governance**

EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of shareholder communication as it is a key component to upholding the principles and best practices of corporate governance for the Group.

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the investing public. This practice of disclosure of information is established to comply with the Main Market Listing Requirements of Bursa Securities and the recommendation in the Code with regard to strengthening engagement and communication with shareholders.

The annual report is a main channel of communication between the Company and its shareholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Group. The contents and disclosure requirements of the annual report are also governed by the Main Market Listing Requirements of Bursa Securities.

The Company disseminates its annual report to its shareholders either in hard copy or in CD ROM media. All information to shareholders is available electronically as soon as it is announced or published.

Another key avenue of communication with its shareholders is the Company's annual general meeting, which provides a useful forum for shareholders to engage directly with the Company's Directors and Senior Management. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agendas items of the general meeting from the Company's Directors and Senior Management.

At the annual general meeting of the Company, the Executive Director of the Company presents a comprehensive and concise review of the Group's financial performance and prospects. This review is supported by visual and graphical presentation of key points and key financial figures.

The Company makes announcement of quarterly results and other announcements to Bursa Securities to provide the stakeholders with key information which affects their decision making, thus enhancing the level of transparency. To provide wider publicity and dissemination of information that is made public, the Company also issues press releases to the media on all significant corporate developments and business initiatives to keep the investment community and shareholders updated on the progress and strategic development of the business of the Group.

The Company conducts 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.

In addition to annual reports and press releases, the Company's investor relations ("IR") webpage on the Company's website at www.cniholdings.com.my also stores in archive all other corporate and financial information that had been made public, such as quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Main Market Listing Requirements of Bursa Securities and other corporate information on the Group.

In addition to the above, shareholders and investors can make inquiries about IR matters with designated management personnel directly responsible for IR, via dedicated email address. This email address is made available on the Company's IR webpage.

ACCOUNTABILITY AND AUDIT

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 scrutinising 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 and other background industry notes deemed necessary.

Related Party Transactions

All related party transactions are reviewed by the Audit Committee on a quarterly basis.

Details of these transactions are set out under Note 38 (b) to the Financial Statements page 125 of this Annual Report.

Internal Control and Risk Management

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control system within the Company and the Group, is set out on pages 28 to 30 of this Annual Report.

Audit Committee

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee assists the Board by providing an objective non-executive review of the effectiveness and efficiency of the internal controls, risk management and governance processes of the Company and the Group.

The minutes of the Audit Committee meetings are tabled to the Board for noting and action by the Board where appropriate.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 31 to 33 of this Annual Report.

Relationship with External 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 meets with the external auditors at least two (2) times a year to discuss their audit plan, audit findings and the Group's financial statements. Two (2) of these meetings are held without the presence of the Management. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

This Statement is made in accordance with a resolution of the Board of Directors dated 29 April 2013.

Statement on **Risk Management and Internal Control**

Introduction

Pursuant to the 15.26 (b) of the Listing Requirement, the Board of Directors ("Board") is pleased to outline the state of Risk Management and Internal Control of the Group for the financial year ended 31 December 2012.

The Board's Commitment

The Board remains committed towards operating a sound Risk Management and Internal Control system and has recognized that the systems must continuously evolve to support the type of business and size of operations of the Group. The Board is aware that the Risk Management and Internal Control system only provides reasonable rather than absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has reviewed and received assurance from the Group's Executive Director and Financial Controller that the Group's Risk Management and Internal Control system is operating adequately and effectively, in all material aspects, during the financial year under review.

The Board confirms that the Risk Management and Internal Control System is in place for the financial year under review, and up to the date of approval of this Statement, for identifying, evaluating and managing the significant risks faced by the Group and this process is regularly reviewed by the Board to safeguards the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

Key Risk Management and Internal Control Processes:-

The Management

a. Business strategies, sales targets and budgets are set by the Group's Executive Directors together with key Management and they are reviewed and approved by the Board subsequently.

b. Monthly Management and Financial reports are prepared by the Management and reported to the Group's Executive Directors for review and decision-making purposes.

c. The Group's Executive Management Committee (EMC) conducts monthly meetings with Subsidiary Heads and Departmental Heads to review and manage the businesses of the Group. Strategic issues like financial performance and business direction reviews are carried out in these meetings to ensure business goals and financial budget approved by the Board are closely monitored and tracked. Explanation is provided for any major variances and action plan is devised to increase likelihood of achieving the budgeted financial performance.

d. The Board reviews the Group's actual performance against the budget on a quarterly basis with detailed explanation of any major variances.

e. The planning, executing, and controlling business operations in the Group are well documented in the Group Organizational Chart.

f. Major subsidiaries of the Group are governed by the Standard Operating Procedures (SOPs) which are certified by ISO, Hazard Analysis & Critical Control Point and Good Manufacturing Practice. The SOPs also ensure governance controls are embedded in the key business processes to mitigate potential significant business risks faced by the Group.

g. 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. Formal guidelines are also available to govern staff's termination and resignation.

h. The Employee's Performance Appraisal System is linked to their KPIs which are aligned to the Group's business goals and financial targets respectively.

i. The Human Resource Management has arranged and facilitated regular internal and external training programmes for its employees in relation to their respective areas of work.

j. The Group has established a Crisis Communication Policy with the objective of handling effectively the flow and dissemination of communication to the external parties such as media, government agencies and the Group's other stakeholders during a crisis.

The Risk Management Committee (RMC)

The Board has entrusted the RMC to review and ensure the Enterprise Risk Management framework is carried out within the Group. During the year, four meetings had been conducted to review and ensure relevant mitigating controls are carried out by the Business units to mitigate the significant business risks faced by the Group. The outcomes of the RMC meetings were presented to the Board accordingly.

The objectives of the RMC are:-

1. To provide a platform for Risk Management issues to be discussed and disseminated to all levels within the Group.

2. To oversee the formal development and implementation of Risk Management policy encompassing Strategic, Operational, Compliance and Financial risks.

3. To raise the level of management awareness and accountability toward Risk Management.

4. To develop Risk Management as part of the culture of the Group

The RMC is assisted by the Risk Working Committee (RWC) which comprised of Senior Management to monitor and ensure relevant controls to mitigate significant business risks faced by the Group are enforced by the Business units' Management in the day to day operations.

The RWC assists the RMC in the following areas:-

1. To implement and coordinate the Risk Management process within the Group.

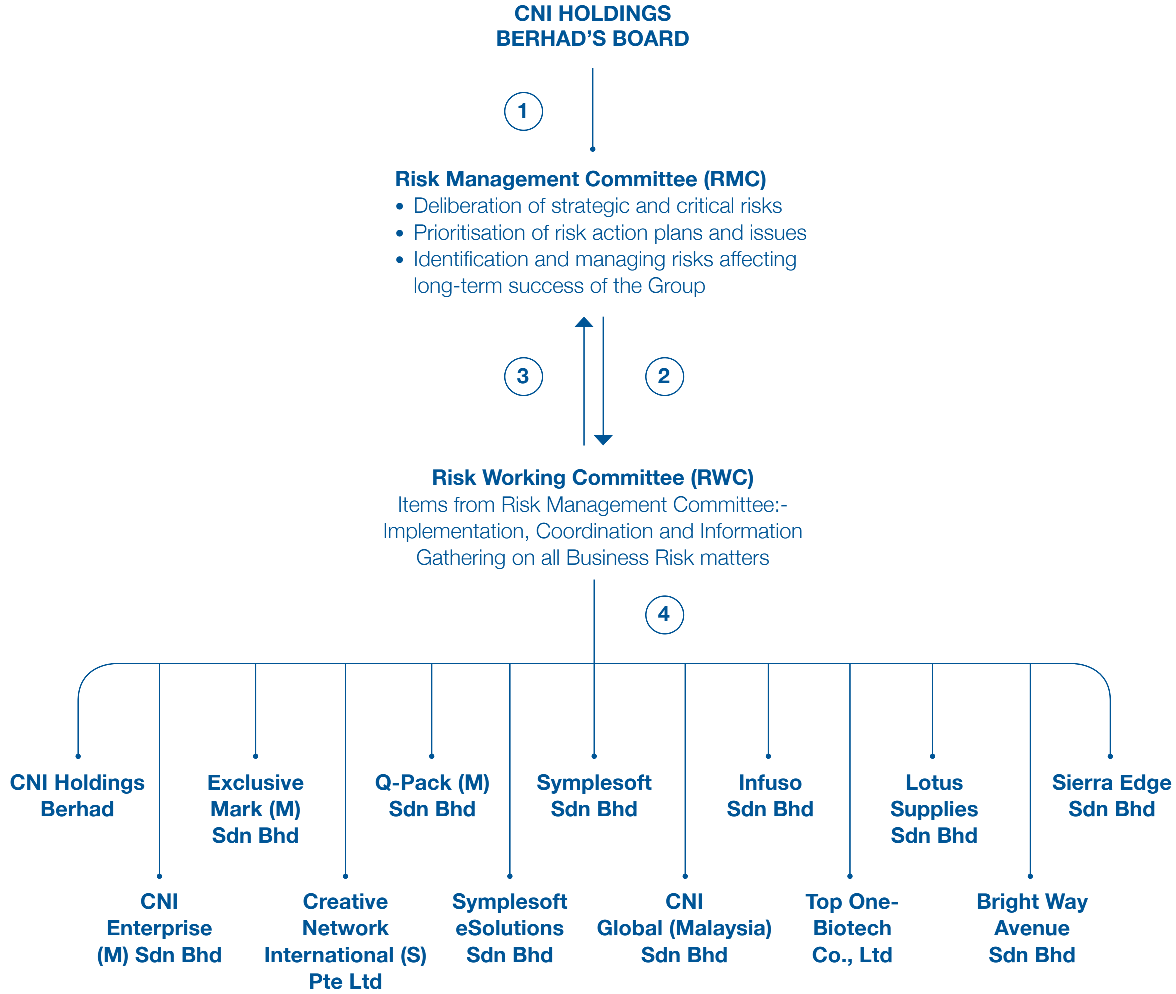
2. To develop tools and methodologies for identification and measurement of business risks and control and conduct regular review and monitoring to ensure mitigating controls are indeed carried out to manage these business risks.

3. To cultivate Risk Management culture in major decision through Risk Management education.

4. To compile and submit reports highlighting key issues for RMC awareness when necessarily.

Statement on **Risk Management and Internal Control**

The following is the governance structure for Risk Management of the companies within the Group:-



Notes

1. The Risk Management Committee reports to the Board of Directors of CNI Holdings Berhad.

2. The Risk Management Committee ("RMC") prioritises and accelerates risk management strategies and 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 mitigating controls are in place to manage those risks.

The Audit Committee (AC)

1. The Board has tasked the AC with established Terms of Reference to examine the effectiveness of the Group's systems of internal control.

   The Audit Committee report on pages 31 to 33 of this Annual Report set out the details on how the Internal Audit function assists the AC to review the Governance, Risk Management and Internal Control system within the Group. The AC monitors to ensure any major control weaknesses and management's commitments pertaining to the audit recommendations highlighted in the Internal Audit Reports are being addressed by the Management accordingly. The AC had updated the Board on the status of the Group's systems of internal control in the Board meetings conducted during the year.

Statement on **Risk Management and Internal Control**

Assurance

The Board, in striving for continuous improvement will put in place appropriate action plans, where necessary, to further enhance the Group's Risk Management and Internal Control system.

During the current financial year, there were no major weaknesses of internal control which result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2012 and reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the Risk Management and Internal Control system of the Group.

This Statement was approved by the Board of Directors on 29 April 2013.

Audit **Committee Report**

ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee meetings held during 2012 are as follows:

	Number of Committee Meetings	
Name of Committee Member	**Held**	**Attended**
Dr. Ch'ng Huck Khoon *Chairman/Independent Non-Executive Director*	5	5
Zulkifli Bin Mohamad Razali *Member/Independent Non-Executive Director*	5	5
Lim Lean Eng *Member/Independent Non-Executive Director*	5	5

Representatives of the External Auditors, Messrs Baker Tilly AC (Formerly known as Moore Stephens AC), Chartered Accountants, Head of Internal Audit Department and Head of Finance & Accounts Department attended the meetings by invitation when required by the Audit Committee.

The Audit Committee met with the External Auditors two (2) times without present of the Management.

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 Audit Committee shall be appointed by the Board from amongst its Directors and shall consist of three (3) members, all of whom shall be non-executive directors. The majority of the Audit Committee shall be Independent 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 Audit Committee. Other Board members shall also attend the meetings upon the invitation of the Audit Committee.

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

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

Audit **Committee Report**

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.

Audit **Committee Report**

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.

13. Decided the resignation and appointment of the Head of Internal Audit Department.

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 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 year, the Internal Audit department has performed audits in accordance to the approved Internal Audit Plan. The resultant audit reports were presented to the Audit Committee for deliberation and follow-up audits were also performed to ensure Management had addressed the control weaknesses accordingly.

The total costs incurred for the internal audit function of the Group for 2012 is RM182,920.

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.

Directors' **Report**

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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, except for a subsidiary which had changed its principal activity from operation of food and beverage outlet to sales and distribution of health care and consumer products.

RESULTS

	Group RM	Company RM
Profit net of tax	1,326,158	3,148,057
Profit attributable to :		
Owners of the parent	1,300,855	3,148,057
Non-controlling interests	25,303	-
	1,326,158	3,148,057

DIVIDEND

During the financial year, the Company paid an interim dividend of RM0.004 per share less 25% tax based on 715,858,400 ordinary shares amounting to RM2,147,575 in respect of the financial year ended 31 December 2011 as reported in the Directors' Report of that financial year.

After the end of the financial year, the Company declared and paid an interim dividend of RM0.004 per share less 25% tax based on 713,866,000 ordinary shares amounting to RM2,141,598 in respect of the current financial year on 18 April 2013. The financial statements of the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

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 adequate provision had been made for doubtful debts.

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

Directors' Report

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 affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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.

Directors' **Report**

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

During the financial year, the Company repurchased a total of 1,992,400 of its issued and fully paid ordinary shares from the open market in accordance with 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	Lowest	Average	Total Consideration
		RM	RM	RM	RM
March 2012	100,000	0.160	0.160	0.160	16,117
June 2012	1,792,400	0.140	0.125	0.133	239,386
September 2012	100,000	0.120	0.120	0.120	12,088
	1,992,400				267,591

Further relevant details of the treasury shares are disclosed in Note 27 to the financial statements.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:

DATO' KOH PENG CHOR
CHEONG CHIN TAI
KOH HOW LOON
TAN SIA SWEE
LAW YANG KET
CHEW BOON SWEE
DR. CH'NG HUCK KHOON
ZULKIFLI BIN MOHAMAD RAZALI
LIM LEAN ENG

Directors' **Report**

DIRECTORS' INTERESTS

The interests of the directors in office at the end of the financial year in the shares of the Company and its 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 1.1.12	Bought	Sold	At 31.12.12
Direct Interest					
Dato' Koh Peng Chor		2,490,240	-	-	2,490,240
Cheong Chin Tai		660,000	-	-	660,000
Koh How Loon		1,679,180	-	-	1,679,180
Law Yang Ket		4,691,898	-	-	4,691,898
Chew Boon Swee		1,128,614	-	-	1,128,614
Dr. Ch'ng Huck Khoon		1,000	-	-	1,000
Lim Lean Eng		1,083,360	-	-	1,083,360
Indirect Interest					
Dato' Koh Peng Chor	*	373,262,663	900,000	1,679,180	372,483,483
Koh How Loon	**	369,171,643	-	-	369,171,643
Tan Sia Swee	***	25,393,380	-	-	25,393,380
Law Yang Ket	***	3,000,000	-	-	3,000,000
Lim Lean Eng	***	62,520	-	-	62,520

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

		Number of Ordinary Shares of RM1 each			
		At 1.1.12	Bought	Sold	At 31.12.12
Direct Interest					
Dato' Koh Peng Chor		71,660	-	-	71,660
Law Yang Ket		10,262	-	-	10,262
Chew Boon Swee		7,902	-	-	7,902
Indirect Interest					
Dato' Koh Peng Chor	*	137,989	-	-	137,989
Tan Sia Swee	**	35,364	-	-	35,364

* Shares held through person connected to the director and company in which the director has substantial financial interests
** Shares held through company in which the director has substantial financial interests
*** Shares held through person connected to the director

By virtue of Dato' Koh Peng Chor's interests in the shares of the Company and pursuant to 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' **Report**

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 38 to the financial statements.

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

SIGNIFICANT EVENT

Significant events arising during the financial year are disclosed in Note 41 to the financial statements.

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, Messrs. Baker Tilly AC (formerly known as 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 2013.

CHEONG CHIN TAI

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 of the directors, the accompanying financial statements as set out on pages 43 to 140 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2012 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in on page 141 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 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 2013.

CHEONG CHIN TAI

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 43 to 140 and the supplementary information as set out on page 141, 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 2013

LOO YEE WEI

Before me

Commissioner for Oaths

Independent Auditor's **Report to the Members**

INDEPENDENT AUDITOR'S 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 2012 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 140.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of 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 Company's internal controls. 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and its financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditor's **Report to the Members**

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 Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are 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 consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment required to be made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 141 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other Matters

As stated in Note 2 to the financial statements, CNI Holdings Berhad adopted the Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as at 31 December 2012 and the financial performance and cash flows for the financial year then ended.

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 contents of this report.

Baker Tilly AC

BAKER TILLY AC
AF 001826
Chartered Accountants

AU TAI WEE
1551/01/15(J)
Chartered Accountant

Kuala Lumpur
Date: 26 April 2013

Statements of **Comprehensive Income**

for the financial year ended 31 December 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Operating revenue	4	115,818,729	126,582,152	8,804,791	9,601,688
Direct operating costs	5	(48,744,599)	(54,189,167)	(94,186)	(135,895)
Gross profit		67,074,130	72,392,985	8,710,605	9,465,793
Other operating revenue		3,995,933	3,135,465	1,798,836	537,966
Administrative costs		(22,624,728)	(22,743,223)	(4,537,748)	(5,003,459)
Distribution costs		(45,117,993)	(48,563,756)	-	-
Other operating costs		(1,451,632)	(1,158,364)	(2,135,114)	(3,194,618)
		(69,194,353)	(72,465,343)	(6,672,862)	(8,198,077)
Profit from operations		1,875,710	3,063,107	3,836,579	1,805,682
Finance costs		(7,791)	(8,357)	-	-
Share of loss of associated companies		(108,105)	(68,194)	-	-
Profit before taxation	6	1,759,814	2,986,556	3,836,579	1,805,682
Tax expense	7	(433,656)	(955,367)	(688,522)	(916,256)
Profit net of tax		1,326,158	2,031,189	3,148,057	889,426
Other comprehensive income:					
Foreign currency translation		(105,436)	(85,702)	-	-
Fair value gain on available-for-sale financial assets	28	-	-	-	1,948,893
Crystalisation of fair value adjustment reserve		12,778	-	-	-
Effects of transition to MFRSs	2(b)(i)	-	-	-	(1,948,893)
Total comprehensive income for the financial year		1,233,500	1,945,487	3,148,057	889,426

Statements of **Comprehensive Income**

for the financial year ended 31 December 2012 (cont'd)

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Profit attributable to:					
Owners of the parent		1,300,855	2,010,435	3,148,057	889,426
Non-controlling interest		25,303	20,754	-	-
		1,326,158	2,031,189	3,148,057	889,426
Total comprehensive income attributable to:					
Owners of the parent		1,208,197	1,924,733	3,148,057	889,426
Non-controlling interest		25,303	20,754	-	-
		1,233,500	1,945,487	3,148,057	889,426
Earnings per share attributable to owners of the parent					
Earnings per share (sen)	8	0.18	0.28		

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 2012

	Note	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	9	42,122,962	44,502,307	45,430,313
Capital work-in-progress	10	1	1	1
Investment properties	11	2,250,000	8,400,000	9,380,000
Investment in associated companies	13	594,772	37,825	3,413
Investments	14	2,000,000	2,000,000	2,500,000
Goodwill	15	724,891	724,891	-
Other intangible assets	16	2,741,759	2,777,216	2,937,838
Other receivables, deposits and prepayments	17	-	15,400	17,155
Deferred tax assets	18	3,738,550	3,848,486	3,342,098
		54,172,935	62,306,126	63,610,818
Current assets				
Inventories	19	18,587,212	21,078,414	16,777,871
Trade receivables	20	8,868,787	8,329,501	9,407,323
Other receivables, deposits and prepayments	17	3,466,957	2,753,812	2,788,780
Amounts owing by associated companies	21	332,135	206,015	-
Tax assets	23	1,905,728	2,142,123	2,029,265
Investments	14	29,362,315	24,945,821	27,177,323
Cash and bank balances	24	9,799,831	13,042,856	12,908,494
		72,322,965	72,498,542	71,089,056
Non-current assets held for sale	25	5,465,000	1,165,000	-
		77,787,965	73,663,542	71,089,056
TOTAL ASSETS		131,960,900	135,969,668	134,699,874

Consolidated Statement of **Financial Position**

as at 31 December 2012 (cont'd)

	Note	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
EQUITY AND LIABILITIES				
Equity				
Share capital	26	72,000,000	72,000,000	72,000,000
Treasury shares	27	(1,602,479)	(1,334,888)	(1,301,800)
Retained earnings		32,931,345	33,778,065	35,043,576
Other reserves	28	(193,743)	(101,085)	(15,383)
		103,135,123	104,342,092	105,726,393
Non-controlling interest		1,075,210	849,947	341,922
Total Equity		104,210,333	105,192,039	106,068,315
Liabilities				
Non-current liability				
Finance lease payables	29	12,091	15,472	-
Deferred tax liabilities	18	1,401,205	2,046,124	2,279,800
Term loan	30	25,703	57,471	85,821
Retirement benefits	31	11,595,155	15,483,122	14,777,982
		13,034,154	17,602,189	17,143,603
Current liabilities				
Trade payables	32	2,435,457	2,708,017	2,145,394
Other payables, deposits and accruals	33	12,077,826	10,029,636	9,137,440
Provision for employees benefits	34	160,570	220,802	150,403
Finance lease payables	29	3,380	2,751	2,283
Term loan	30	31,687	29,397	28,396
Tax liability		7,493	184,837	24,040
		14,716,413	13,175,440	11,487,956
Total Liabilities		27,750,567	30,777,629	28,631,559
TOTAL EQUITY AND LIABILITIES		131,960,900	135,969,668	134,699,874

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 2012

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	9	547,294	614,082	649,969
Investment properties	11	1,400,000	8,400,000	9,380,000
Investment in subsidiary companies	12	79,921,374	80,015,794	83,168,802
Investment in associated companies	13	18,000	18,000	18,000
Investments	14	2,000,000	2,000,000	2 ,000,000
Other intangible assets	16	17,361	21,302	21,404
Deferred tax assets	18	1,141,000	1,195,100	1,074,400
		85,045,029	92,264,278	96,312,575
Current assets				
Inventories	19	300	420	480
Trade receivables	20	77,110	119,641	96,744
Other receivables, deposits and prepayments	17	633,463	194,929	211,159
Amounts owing by subsidiary companies	22	14,928,067	16,750,030	16,211,974
Tax assets	23	881,641	824,831	645,201
Investments	14	3,031,626	-	1,000,000
Cash and bank balances	24	507,103	1,924,865	1,168,034
		20,059,310	19,814,716	19,333,592
Non-current assets held for sale	25	5,465,000	1,165,000	-
		25,524,310	20,979,716	19,333,592
TOTAL ASSETS		110,569,339	113,243,994	115,646,167

Statement of **Financial Position**
as at 31 December 2012 (cont'd)

	Note	2012 RM	2011 RM	As at 1.1.2011 RM
EQUITY AND LIABILITIES				
Equity				
Share capital	26	72,000,000	72,000,000	72,000,000
Treasury shares	27	(1,602,479)	(1,334,888)	(1,301,800)
Retained earnings		31,301,585	30,301,103	9,653,226
Other reserves	28	-	-	23,034,397
Total Equity		101,699,106	100,966,215	103,385,823
Liabilities				
Non-current liability				
Retirement benefits	31	7,793,548	11,800,326	11,818,520
Current liabilities				
Other payables, deposits and accruals	33	1,051,197	441,355	352,076
Provision for employees benefits	34	25,488	36,098	89,748
		1,076,685	477,453	441,824
Total Liabilities		8,870,233	12,277,779	12,260,344
TOTAL EQUITY AND LIABILITIES		110,569,339	113,243,994	115,646,167

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 financial year ended 31 December 2012

	Note	Share Capital RM	Treasury Shares RM	Currency Translation Reserve RM	Fair Value Adjustment Reserve RM	Total Other Reserves RM	Retained Earnings RM	Total Equity Attributable to Owners of the Parent RM	Non-controlling Interest RM	Total Equity RM
		← Attributable to Owners of the Parent →								
		← Non-Distributable →					Distributable			
At 1.1.2011		72,000,000	(1,301,800)	(2,605)	(12,778)	(15,383)	35,043,576	105,726,393	341,922	106,068,315
Comprehensive income										
Profit for the financial year		-	-	-	-	-	2,010,435	2,010,435	20,754	2,031,189
Other comprehensive income										
Foreign currency translation		-	-	(85,702)	-	(85,702)	-	(85,702)	-	(85,702)
Total comprehensive income for the financial year		-	-	(85,702)	-	(85,702)	2,010,435	1,924,733	20,754	1,945,487
Transactions with owners										
Purchase of treasury shares	27	-	(33,088)	-	-	-	-	(33,088)	-	(33,088)
Acquisition of subsidiary companies	12	-	-	-	-	-	-	-	487,271	487,271
Dividends	35	-	-	-	-	-	(3,275,946)	(3,275,946)	-	(3,275,946)
Total transactions with owners		-	(33,088)	-	-	-	(3,275,946)	(3,309,034)	487,271	(2,821,763)
At 31.12.2011		72,000,000	(1,334,888)	(88,307)	(12,778)	(101,085)	33,778,065	104,342,092	849,947	105,192,039

Consolidated Statement of **Changes In Equity**

for the financial year ended 31 December 2012 (cont'd)

		Attributable to Owners of the Parent								
		Non-Distributable					Distributable			
	Note	Share Capital RM	Treasury Shares RM	Currency Translation Reserve RM	Fair Value Adjustment Reserve RM	Total Other Reserves RM	Retained Earnings RM	Total Equity Attributable to Owners of the Parent RM	Non-controlling Interest RM	Total Equity RM
At 1.1.2012		72,000,000	(1,334,888)	(88,307)	(12,778)	(101,085)	33,778,065	104,342,092	849,947	105,192,039
Comprehensive income										
Profit for the financial year		-	-	-	-	-	1,300,855	1,300,855	25,303	1,326,158
Other comprehensive income										
Crystallisation of fair value adjustment reserve		-	-	-	12,778	12,778	-	12,778	-	12,778
Foreign currency translation		-	-	(105,436)	-	(105,436)	-	(105,436)	-	(105,436)
Total comprehensive income for the financial year		-	-	(105,436)	12,778	(92,658)	1,300,855	1,208,197	25,303	1,233,500
Transactions with owners										
Purchase of treasury shares	27	-	(267,591)	-	-	-	-	(267,591)	-	(267,591)
Increase in investment in subsidiary companies	41	-	-	-	-	-	-	-	199,960	199,960
Dividends	35	-	-	-	-	-	(2,147,575)	(2,147,575)	-	(2,147,575)
Total transactions with owners		-	(267,591)	-	-	-	(2,147,575)	(2,415,166)	199,960	(2,215,206)
At 31.12.2012		72,000,000	(1,602,479)	(193,743)	-	(193,743)	32,931,345	103,135,123	1,075,210	104,210,333

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 financial year ended 31 December 2012

	Note	← Share Capital RM	Non-Distributable Treasury Shares RM	→ Fair Value Adjustment Reserve RM	Distributable Retained Earnings RM	Total Equity RM
At 1.1.2011		72,000,000	(1,301,800)	23,034,397	9,653,226	103,385,823
Effects of transition to MFRSs	2(b)(i)	-	-	(23,034,397)	23,034,397	-
At 1.1.2011 (restated)		72,000,000	(1,301,800)	-	32,687,623	103,385,823
Comprehensive income						
Profit for the financial year		-	-	-	889,426	889,426
Other comprehensive income						
Fair value gain on revalued assets	28	-	-	1,948,893	-	1,948,893
Effects of transition to MFRSs	2(b)(i)	-	-	(1,948,893)	-	(1,948,893)
Total other comprehensive income for the financial year		-	-	-	-	-
Transactions with owners						
Purchase of treasury shares	27	-	(33,088)	-	-	(33,088)
Dividends	35	-	-	-	(3,275,946)	(3,275,946)
Total transactions with owners		-	(33,088)	-	(3,275,946)	(3,309,034)
At 31.12.2011 (restated)		72,000,000	(1,334,888)	-	30,301,103	100,966,215

Statement of **Changes In Equity**

for the financial year ended 31 December 2012 (cont'd)

	Note	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Total Equity RM
		← Non-Distributable	→	Distributable	
At 1.1.2012 (restated)		72,000,000	(1,334,888)	30,301,103	100,966,215
Comprehensive income					
Profit for the financial year		-	-	3,148,057	3,148,057
Transactions with owners					
Purchase of treasury shares	27	-	(267,591)	-	(267,591)
Dividends	35	-	-	(2,147,575)	(2,147,575)
Total transactions with owners		-	(267,591)	(2,147,575)	(2,415,166)
At 31.12.2012		72,000,000	(1,602,479)	31,301,585	101,699,106

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

Statements of **Cash Flows**

for the financial year ended 31 December 2012

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Cash Flows from Operating Activities					
Profit before tax		1,759,814	2,986,556	3,836,579	1,805,682
Adjustments for:					
Amortisation of other intangible assets		422,211	426,830	3,033	2,955
Bad debts written off		8 ,562	36,887	-	-
Change in fair value of investment properties		(800,000)	(185,000)	(800,000)	(185,000)
Depreciation of property, plant and equipment		3,636,735	4,245,875	62,695	54,886
Dividend revenue		-	-	(4,316,667)	(4,369,786)
Gain on disposal of other intangible assets		-	(831)	-	-
Gain on disposal of investment properties		(900,000)	-	(900,000)	-
Impairment loss on amount owing by subsidiary companies		-	-	2,000,000	-
Impairment loss on investment in subsidiary companies		-	-	94,420	3,153,008
Impairment loss on trade receivables		-	178,348	-	-
Interest expense		7,791	8,357	-	-
Interest revenue		(102,290)	(49,773)	(47,440)	(321,545)
Investment income - unit trusts		(545,340)	(435,386)	(16,057)	-
Intangible assets written off		6 ,039	1,136	-	-
Inventories written off		438,721	52,118	-	-
Loss on disposal of property, plant and equipment		212,205	36,402	454	-
Property, plant and equipment written off		493,689	434,880	1,471	439
Retirement benefits expense		488,563	705,140	369,752	584,516
Reversal of inventories written off		-	(505,970)	-	-
(Reversal)/Provision for employee benefits expense		(60,232)	70,399	(10,610)	(53,650)
Sundry deposits written off		19,870	-	-	-
Share of loss of associated companies		108,105	68,194	-	-
Unrealised loss/(gain) on foreign exchange		87,640	(55,579)	(16,495)	(8,801)
Operating profit before working capital changes, carried down		5,282,083	8,018,583	261,135	662,704

Statements of **Cash Flows**

for the financial year ended 31 December 2012 (cont'd)

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Operating profit before working capital changes, brought down		5,282,083	8,018,583	261,135	662,704
Decrease/(Increase) in inventories		2,052,481	(3,844,651)	120	60
(Increase)/Decrease in receivables		(1,062,674)	1,545,604	(396,003)	2,134
Increase in payables		1,790,585	10,675	609,842	89,279
Cash generated from operations		8,062,475	5,730,211	475,094	754,177
Dividends received		-	-	3,650,000	3,500,000
Interest paid		(7,791)	(8,357)	-	-
Interest received		102,290	49,773	47,440	321,545
Tax paid		(909,588)	(1,647,492)	(24,565)	(346,800)
Net cash from operating activities		7,247,386	4,124,135	4,147,969	4,228,922
Cash Flows from Investing Activities					
Advances to associated companies		(126,120)	(206,015)	-	-
Investment in associated companies		(665,052)	(102,606)	-	-
Investment income - unit trusts		545,340	435,386	16,057	-
Net cash inflow on acquisition of subsidiary companies	12	-	570,546	-	-
Proceeds from disposal of investments		-	500,000	-	-
Proceeds from disposal of other intangible assets		209,843	2,500	908	-
Proceeds from disposal of property, plant and equipment		1,822,823	189,888	2,467	342
Proceeds from disposal of non-current assets held for sale		900,000	-	900,000	-
Proceeds from disposal of investment properties		3,500,000	-	3,500,000	-
Purchase of other intangible assets		(602,636)	(266,736)	-	(2,176)
Purchase of investment properties		(850,000)	-	-	-
Purchase of property, plant and equipment	9	(3,781,814)	(3,914,865)	(299)	(20,457)
Retirement benefits paid		(4,376,530)	-	(4,376,530)	-
Net cash (used in)/from investing activities		(3,424,146)	(2,791,902)	42,603	(22,291)

Statements of **Cash Flows**

for the financial year ended 31 December 2012 (cont'd)

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Cash Flows from Financing Activities					
Advances to subsidiary companies		-	-	(161,542)	(1,131,965)
Repayment of term loans		(29,478)	(27,349)	-	-
Purchase of treasury shares		(267,591)	(33,088)	(267,591)	(33,088)
Payment of hire purchase liabilities		(2,752)	(3,060)	-	-
Dividends paid		(2,147,575)	(3,275,946)	(2,147,575)	(3,275,946)
Net cash used in financing activities		(2,447,396)	(3,339,443)	(2,576,708)	(4,440,999)
Effect of exchange rate changes		(202,375)	(89,930)	-	(8,801)
Net increase/(decrease) in cash and cash equivalents		1,173,469	(2,097,140)	1,613,864	(243,169)
Cash and cash equivalents at beginning of the financial year		37,988,677	40,085,817	1,924,865	2,168,034
Cash and cash equivalents at end of the financial year	36	39,162,146	37,988,677	3,538,729	1,924,865

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

Notes to the **Financial Statements**
31 December 2012

1. CORPORATE INFORMATION

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

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, except for a subsidiary which had changed its principal activity from operation of food and beverage outlet to sales and distribution of health care and consumer products.

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 financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 26 April 2013.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and of the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(e).

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int

(i) Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31 December 2012.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 January 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31 December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(i) Explanation of Transition to MFRSs (cont'd)

The transition to MFRSs does not have any significant effect on the financial statements of the Group.

In preparing the opening consolidated statement of financial position as at 1 January 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSs framework. Comparative figures for 2011 in these financial statements have been restated to give effect to these changes. An explanation of how the transition from previous FRSs to MFRSs has affected the Company's financial position, financial performance and cash flows is set out as follows:

Reconciliation of equity

		1.1.2011 (Date of transition)	31.12.2011
Company	Note	RM	RM
Equity as reported under FRSs		103,385,823	106,068,116
Less: Transitioning adjustments:			
Fair value as deemed cost for investment in subsidiary companies	(a)	-	(1,948,893)
Impairment loss on investment in subsidiary companies	(a)	-	(3,153,008)
Equity on transition to MFRSs		103,385,823	100,966,215

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. **BASIS OF PREPARATION** (cont'd)

(b) **New, Revised and Amendments/Improvements to Accounting Standards and IC Int** (cont'd)

(i) **Explanation of Transition to MFRSs** (cont'd)

Reconciliation of total comprehensive income

Company	Note	31.12.2011 RM
Total comprehensive income as reported under FRSs		5 ,991,327
Less: Transitioning adjustments:		
Fair value as deemed cost for investment in subsidiary companies	(a)	(1,948,893)
Impairment loss on investment in subsidiary companies	(a)	(3,153,008)
Total comprehensive income upon transition to MFRSs		889,426

Note:

(a) Exemption for fair value as deemed cost - investment in subsidiary companies

Upon transition to MFRSs and in accordance with the exemptions in MFRS 1, the Company elected to measure the investment in subsidiary companies at fair value as at date of transition as its deemed cost as at that date.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(i) Explanation of Transition to MFRSs (cont'd)

(a) Exemption for fair value as deemed cost - investment in subsidiary companies (cont'd)

The aggregate fair value at the date of transition and the impact arising from the change in the statement of financial position and the statement of comprehensive income are summarised as follows:

Company	Carrying amount previously reported under FRSs RM	Transitioning adjustments (Fair value as deemed costs) RM	Restated carrying amount RM
At 1.1.2011			
Statement of changes in equity			
Fair value adjustment reserve	23,034,397	(23,034,397)	-
Retained earnings	9,653,226	23,034,397	32,687,623
At 31.12.2011			
Statement of changes in equity			
Fair value adjustment reserve	24,983,290	(24,983,290)	-
Retained earnings	10,419,714	19,881,389	30,301,103
Statement of financial position			
Investment in subsidiary companies	85,117,695	(5,101,901)	80,015,794

	31.12.2011 RM
Statement of comprehensive income	
Other operating costs:	
- Impairment loss of investment in subsidiary companies	(3,153,008)
Other comprehensive income:	
- Fair value as deemed cost for investment in subsidiary companies	(1,948,893)
Decrease in total comprehensive income for the financial year	(5,101,901)

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
Revised MFRSs		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

A brief discussion on the above significant new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiary companies, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

This revised MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiary companies at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

(c) 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.

(d) 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.

(e) 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 (Note 9) – 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 5 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) Impairment of investment in subsidiary companies (Note 12) – The management determines whether the carrying amounts of its subsidiary companies are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell or/and value in use, which require judgement and estimate.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

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

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: (cont'd)

(iii) Annual testing for impairment of goodwill (Note 15) - the measurement of the recoverable amount of cash-generating units aredetermined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management covering a 3-year period. For cash flows beyond the third year period, it is extrapolated using estimated growth rates and discount rates applied to the cash flow projections.

(iv) Amortisation of other intangible assets (Note 16) - 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.

(v) Impairment of loans and receivables (Notes 17, 20 and 22) - The Group and the Company assess at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectible. To determine whether there is objective evidence of impairment, 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. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(vi) Deferred tax assets (Note 18) - 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.

(vii) 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.

(viii) Valuation of investment properties (Note 11) - the measurement of the fair value for investment properties performed by independent valuer is determined with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts.

Notes to the **Financial Statements**
31 December 2012 (cont'd)

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 Company obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary 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.

Where the present ownership interests in the acquiree and it entitles the holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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.

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The Group has applied the revised MFRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

Business combination involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of comprehensive income reflects the results of the combining entities for the full financial year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Subsidiary Company

A subsidiary company is an entity over which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are taken into account.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the period in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(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.

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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the assets is derecognised.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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 Company 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 financial year in which they arise.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Investment Properties (cont'd)

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 and the Company hold 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 financial year in which they arise.

(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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial Assets (cont'd)

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; and
- trade and other receivables including amount owing by subsidiary and associated 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 two 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-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial Assets (cont'd)

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 (others than properties) 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.

Inventories (properties) are stated at the lower of cost of purchase based on the agreement between the company and the developer and net realisable value.

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 financial years. The reversal of impairment loss is recognised as revenue in the profit or loss.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 and the Company's cash management.

(n) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of 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.

(o) Treasury Shares

When issued shares of the Group and 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 and the Company have 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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 MFRS 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 and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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) 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.

(t) Employee Benefits

i. Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave 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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Employee Benefits (cont'd)

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

iii. Retirement Benefits Plans

The Group and the Company 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 and the Company'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 financial 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 2013.

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 and the Company'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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Tax expense

Tax expense in 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 financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial 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 recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from 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 nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

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

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

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

(v) Foreign Currencies

i. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group's and Company'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. 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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Foreign Currencies (cont'd)

i. Foreign Currency Transactions (cont'd)

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 and the Company'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 Group's and of the Company's net investment in foreign operations are recognised in profit or loss in the Group's and of 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 financial year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 40, 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 and theCompany, 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 and the Company.

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

Notes to the **Financial Statements**

31 December 2012 (cont'd)

4. OPERATING REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Sale of goods	113,852,800	122,088,281	-	-
Sale of food and beverages	1,612,552	4,093,731	-	-
Management fees	-	-	4,134,747	4,809,762
Rental revenue from investment properties	353,377	400,140	353,377	422,140
Dividend revenue	-	-	4,316,667	4,369,786
	115,818,729	126,582,152	8,804,791	9,601,688

5. DIRECT OPERATING COSTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cost of goods sold	47,043,080	49,775,794	-	-
Cost of food and beverages sold	1,607,333	4,277,478	-	-
Operating expenses of investment properties:				
- income generating	94,186	135,895	94,186	135,895
	48,744,599	54,189,167	94,186	135,895

6. PROFIT BEFORE TAXATION

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Amortisation of other intangible assets	422,211	426,830	3,033	2,955
Auditors' remuneration:				
- statutory audits	188,701	187,464	10,000	10,000
- other services	11,000	11,000	11,000	11,000
Bad debts written off	8,562	36,887	-	-
Change in fair value of investment properties	(800,000)	(185,000)	(800,000)	(185,000)
Depreciation of property, plant and equipment	3,636,735	4,245,875	62,695	54,886
Dividend income	-	-	(4,316,667)	(4,369,786)

Notes to the **Financial Statements**

31 December 2012 (cont'd)

6. PROFIT BEFORE TAXATION (cont'd)

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Gain on disposal of investment properties	(900,000)	-	(900,000)	-
Gain on disposal of other intangible assets	-	(831)	-	-
Impairment loss on amount owing by subsidiary companies	-	-	2,000,000	-
Impairment loss on trade receivables	-	178,348	-	-
Impairment loss on investment in subsidiary companies	-	-	94,420	3,153,008
Interest expense:				
- Term loan	5,142	7,271	-	-
- Finance lease	2,649	1,086	-	-
Interest revenue	(102,290)	(49,773)	(47,440)	(321,545)
Inventories written off	438,721	52,118	-	-
Investment income - unit trusts	(545,340)	(434,846)	(16,057)	-
Loss on disposal of property, plant and equipment	212,205	36,402	454	-
Loss/(Gain) on foreign exchange:				
- realised	(1,500)	93,693	(2,725)	(7,305)
- unrealised	87,640	(55,579)	(16,495)	(8,801)
Management fee expense	287,852	318,915	-	-
Non-executive directors' remuneration:				
- fees	364,000	108,000	364,000	108,000
- other emoluments	30,500	180,843	30,500	21,500
Other intangible assets written off	6,039	1,136	-	-
Other rental revenue	(634,692)	(660,798)	-	-
Property, plant and equipment written off	493,689	434,880	1,471	439
Rental of premises	1,275,380	3,872,045	183,480	182,520
Retirement benefits expense (Note 31)	488,563	705,140	369,752	584,516
Reversal of inventories written off	-	(505,970)	-	-

Notes to the **Financial Statements**

31 December 2012 (cont'd)

6. PROFIT BEFORE TAXATION (cont'd)

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Share of loss of associated companies	108,105	68,194	-	-
Sundry deposit written off	19,870	-	-	-
Employee benefits expense (Note (a))	23,656,680	25,840,884	3,239,430	3,848,987

(a) Included in employee benefits expense are:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Contributions to defined contribution plans	2,326,969	2,334,100	251,115	324,838
Executive directors' remuneration (Note (i))	5,236,177	5,375,408	1,767,142	2,578,482
(Reversal of)/Provision for employee benefits (Note 34)	(60,232)	70,399	(10,610)	(53,650)

(i) Directors' remuneration

The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:

	2012 RM	2011 RM	2012 RM	2011 RM
Executive Directors:				
- other emoluments	4,747,614	4,670,268	1,397,390	1,993,966
- retirement benefits	488,563	705,140	369,752	584,516
	5,236,177	5,375,408	1,767,142	2,578,482
Estimated monetary value of benefit-in-kind	95,367	113,091	26,725	34,878
Total executive directors' remuneration	5,331,544	5,488,499	1,793,867	2,613,360
Non-executive Directors:				
- fees	364,000	108,000	364,000	108,000
- other emoluments	30,500	180,843	30,500	21,500
	394,500	288,843	394,500	129,500
Total remuneration (including benefit-in-kind)	5,726,044	5,777,342	2,188,367	2,742,860

Notes to the **Financial Statements**

31 December 2012 (cont'd)

7. TAX EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current income tax:				
Based on results for the year - Malaysian tax	996,362	1,632,517	666,667	1,220,300
(Over)/Underprovision in prior financial year	(27,723)	62,914	(32,245)	(183,344)
	968,639	1,695,431	634,422	1,036,956
Deferred tax (Note 18):				
Origination and reversal of temporary differences	(356,970)	(790,929)	136,000	(112,700)
(Over)/Underprovision in prior financial year	(92,113)	50,865	4,000	(8,000)
Reversal of deferred tax no longer required	(37,300)	-	(37,300)	-
Crystalisation of deferred tax	(48,600)	-	(48,600)	-
	(534,983)	(740,064)	54,100	(120,700)
Tax expense	433,656	955,367	688,522	916,256

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2011: 25%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before taxation	1,759,814	2,986,556	3,836,579	1,805,682
Tax at the Malaysian statutory income tax rate of 25% (2011: 25%)	439,954	746,639	959,100	1,239,700
Effect of different tax rates in foreign jurisdictions	105,940	51,464	-	-
Tax effects arising from:				
- non-deductible expenses	671,434	419,903	684,967	127,600
- double deduction expenses	(136,600)	(113,600)	-	-
- non-taxable revenue	(1,013,512)	(502,518)	(841,400)	(222,700)
Capital allowance clawback	-	18,500	-	-
Effect of differential tax rate on deferred tax	-	(37,000)	-	(37,000)
Crystalisation of deferred tax	(48,600)	-	(48,600)	-
Reversal of deferred tax no longer required	(37,300)	-	(37,300)	-
Deferred tax assets not recognised during the financial year	572,176	258,200	-	-
(Over)/Underprovision of income tax in prior financial year	(27,723)	62,914	(32,245)	(183,344)
(Over)/Underprovision of deferred tax in prior financial year	(92,113)	50,865	4,000	(8,000)
Tax expense	433,656	955,367	688,522	916,256

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

Notes to the **Financial Statements**

31 December 2012 (cont'd)

7. TAX EXPENSE (cont'd)

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 2012 and 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012, 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, unabsorbed capital allowances and unabsorbed reinvestment allowance of RM16,723,000 (2011: RM9,871,000), RM3,420,000 (2011: RM2,809,000) and RM43,000 (2011: RM43,000) respectively, available to be carried forward to set-off against future taxable profits.

The Company has unutilised tax losses and unabsorbed capital allowances of RM3,447,000 (2011: RMnil) and RM12,000 (2011: RMnil) respectively, available to be carried forward to set-off against future taxable profits.

8. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the Group's profit for the financial year attributable to owners of the parent of RM1,300,855 (2011: RM2,010,435) by the weighted average number of ordinary share in issue during the financial year of 714,882,454 (2011: 716,043,605) ordinary shares of RM0.10 each after deducting the weighted average number of shares repurchased. Diluted earnings per share is not applicable as the Group does not have any dilutive instrument as at reporting date.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Furniture, Fittings, Renovation, Office Equipment, Installation & Computer Hardware RM	Total RM
Cost						
At 1.1.12	4,621,097	35,084,980	22,872,622	4,842,694	18,273,937	85,695,330
Addtions	-	-	590,932	93,875	3,097,007	3,781,814
Disposals	-	(118,751)	-	(142,105)	(2,619,274)	(2,880,130)
Written off	-	-	(618,711)	-	(1,485,978)	(2,104,689)
Translation adjustments	-	-	871	-	8,432	9,303
At 31.12.12	4,621,097	34,966,229	22,845,714	4,794,464	17,274,124	84,501,628
Accumulated Depreciation						
At 1.1.12	-	8,239,259	18,375,797	3,469,352	11,108,615	41,193,023
Charge for the financial year	-	691,937	1,362,887	189,669	1,392,242	3,636,735
Disposals	-	(4,511)	-	(142,093)	(698,498)	(845,102)
Written off	-	-	(612,553)	-	(998,447)	(1,611,000)
Translation adjustments	-	-	251	-	4,759	5,010
At 31.12.12	-	8,926,685	19,126,382	3,516,928	10,808,671	42,378,666
Net Carrying Amount						
At 31.12.12	4,621,097	26,039,544	3,719,332	1,277,536	6,465,453	42,122,962

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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, Installation & Computer Hardware RM	Total RM
Cost						
At 1.1.11	4,621,097	33,249,913	22,383,124	4,821,443	17,721,833	82,797,410
Acquisition of a subsidiary company	-	-	-	-	59,512	59,512
Reclassified to other intangible assets (Note 16)	-	-	-	-	(1,145)	(1,145)
Reclassification	-	-	3,575	-	(3,575)	-
Additions	-	1,835,067	491,436	183,815	1 ,423,547	3,933,865
Disposals	-	-	(290)	(162,564)	(192,851)	(355,705)
Written off	-	-	(5,223)	-	(743,200)	(748,423)
Translation adjustments	-	-	-	-	9 ,816	9,816
At 31.12.11	4,621,097	35,084,980	22,872,622	4,842,694	18,273,937	85,695,330
Accumulated Depreciation						
At 1.1.11	-	7,543,229	16,866,342	3,078,503	9,879,023	37,367,097
Acquisition of a subsidiary company	-	-	-	-	17,889	17,889
Charge for the financial year	-	696,030	1,513,440	459,938	1,576,467	4,245,875
Reclassified to other intangible assets (Note 16)	-	-	-	-	(468)	(468)
Reclassification	-	-	684	1	(685)	-
Disposals	-	-	(70)	(69,090)	(60,255)	(129,415)
Written off	-	-	(4,599)	-	(308,944)	(313,543)
Translation adjustments	-	-	-	-	5,588	5,588
At 31.12.11	-	8,239,259	18,375,797	3,469,352	11,108,615	41,193,023
Net Carrying Amount						
At 31.12.11	4,621,097	26,845,721	4,496,825	1,373,342	7,165,322	44,502,307
At 1.1.11	4,621,097	25,706,684	5,516,782	1,742,940	7,842,810	45,430,313

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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 1.1.12	29,686	857,012	2,563	88,849	978,110
Additions	299	-	-	-	299
Disposals	-	-	-	(4,145)	(4,145)
Written off	(4,242)	-	(1,203)	(3,964)	(9,409)
At 31.12.12	25,743	857,012	1,360	80,740	964,855
Accumulated Depreciation					
At 1.1.12	14,849	319,120	1,298	28,761	364,028
Charge for the financial year	1,786	52,425	136	8,348	62,695
Disposals	-	-	-	(1,224)	(1,224)
Written off	(3,941)	-	(1,198)	(2,799)	(7,938)
At 31.12.12	12,694	371,545	236	33,086	417,561
Net Carrying Amount					
At 31.12.12	13,049	485,467	1,124	47,654	547,294

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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

	Office Equipment, Furniture & Fittings RM	Motor Vehicles RM	Electrical Installation RM	Computer Hardware RM	Total RM
Company					
Cost					
At 1.1.11	19,422	857,012	3,995	83,266	963,695
Additions	11,738	-	1,100	7,619	20,457
Disposals	(340)	-	(110)	-	(450)
Reclassified to other intangible assets (Note 16)	-	-	-	(1,145)	(1,145)
Reclassification	2,419	-	(2,422)	3	-
Written off	(3,553)	-	-	(894)	(4,447)
At 31.12.11	29,686	857,012	2,563	88,849	978,110
Accumulated Depreciation					
At 1.1.11	14,995	274,138	3,658	20,935	313,726
Charge for the financial year	1,067	44,981	77	8,761	54,886
Disposals	(91)	-	(17)	-	(108)
Reclassified to other intangible assets (Note 16)	-	-	-	(468)	(468)
Reclassification	2,421	1	(2,420)	(2)	-
Written off	(3,543)	-	-	(465)	(4,008)
At 31.12.11	14,849	319,120	1,298	28,761	364,028
Net Carrying Amount					
At 31.12.11	14,837	537,892	1,265	60,088	614,082
At 1.1.11	4,427	582,874	337	62,331	649,969

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

	Group	
	2012	2011
	RM	RM
Office equipment	15,472	18,525

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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

b) During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM3,781,814 (2011: RM3,933,865) and RM299 (2011: RM20,457) respectively, which were satisfied as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Finance lease liabilities	-	19,000	-	-
Cash payments	3,781,814	3,914,865	299	20,457
	3,781,814	3,933,865	299	20,457

10. CAPITAL WORK-IN-PROGRESS

	Group	
	2012	2011
At cost	RM	RM
At beginning of the financial year	391,779	391,779
Less: Impairment loss	(391,778)	(391,778)
At end of the financial 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. The development project was abandoned by the developer when it was 85% completed. Negotiation is in progress to engage a new developer to take over and complete the development project.

This capital work-in-progress is charged for a term loan facility granted by a financial institution to the subsidiary company concerned as mentioned in Note 30.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

11. INVESTMENT PROPERTIES

	Group		Company	
	2012	2011	2012	2011
At fair value	RM	RM	RM	RM
At beginning of the financial year	8,400,000	9,380,000	8,400,000	9,380,000
Addition	850,000	-	-	-
Disposal	(2,600,000)	-	(2,600,000)	-
Change in fair value	800,000	185,000	800,000	185,000
Reclassified to non-current assets held for sale (Note 25)	(5,200,000)	(1,165,000)	(5,200,000)	(1,165,000)
At end of the financial year	2,250,000	8,400,000	1,400,000	8,400,000

Included in the above are:	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Freehold land and building	850,000	-	-	-
Leasehold land and building:				
- unexpired lease period of more than 50 years	1,400,000	8,400,000	1,400,000	8,400,000
	2,250,000	8,400,000	1,400,000	8,400,000

The fair value of investment properties were revalued by the directors based on valuation by independent professionally qualified valuers with experience in the location and category of properties being valued.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	31.12.2012	31.12.2011
	RM	RM
Unquoted shares, at cost		
At beginning of the financial year	80,015,794	83,168,802
Less: Impairment loss	(94,420)	(3,153,008)
At end of the financial year	79,921,374	80,015,794

The particulars of subsidiary companies are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2012	Effective Equity Interest 2011
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	Property trading and investment, supply of food and beverage	100%	100%
Lotus Supplies Sdn. Bhd.	Malaysia	Import and distribution of food ingredients	70%	70%

Notes to the **Financial Statements**

31 December 2012 (cont'd)

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2012	Effective Equity Interest 2011
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%
CNI Global (Malaysia) Sdn. Bhd. (formerly known as Regal Effect Sdn. Bhd.)	Malaysia	Sale and distribution of health care and consumer products	100%	*
Held Through Infuso Sdn. Bhd.				
CNI Global (Malaysia) Sdn. Bhd. (formerly known as Regal Effect Sdn. Bhd.)	Malaysia	Operation of food and beverage outlets, namely Otak-Otak Place	*	100%
Held Through Symplesoft Sdn. Bhd.				
Symplesoft eSolutions Sdn. Bhd.	Malaysia	Provision of software and e-commerce solutions	100%	100%
Sierra Edge Sdn. Bhd.	Malaysia	Software research and development	60%	60%
Held Through Exclusive Mark (M) Sdn. Bhd.				
Bright Way Avenue Sdn. Bhd.	Malaysia	Marketing and distributing coffee and other related beverage products	100%	100%
# Top One-Biotech Co. Ltd.	Taiwan	Manufacturing, sale and distribution of foodstuffs and groceries.	70%	70%

\# Audited by other professional firms of accountants

* The entire equity interest in CNI Global (Malaysia) Sdn. Bhd. (formerly known as Regal Effects Sdn. Bhd.) was transferred from Infuso Sdn. Bhd. to CNI Enterprise (M) Sdn. Bhd. During the financial year, CNI Global (Malaysia) Sdn. Bhd. had changed its principal activity from the operation of food and beverage outlet to sales and distribution of health care and consumer products.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(a) Incorporation of subsidiary companies

On 21 July 2011, a subsidiary company, Exclusive Mark (M) Sdn. Bhd. subscribed for 70% equity interest in Top One-Biotech Co. Ltd., a company incorporated in Taiwan for a cash consideration of approximately RM1,050,000 (Taiwan Dollar 10,500,000).

On 15 November 2011, a subsidiary company, Symplesoft Sdn. Bhd. subscribed for 60 ordinary shares of RM1 each representing 60% of the issued and fully paid-up share capital of Sierra Edge Sdn. Bhd., a company incorporated in Malaysia for a total consideration of RM60.

(b) Acquisition of subsidiary company

On 31 October 2011, a subsidiary company, Exclusive Mark (M) Sdn. Bhd. acquired 100% equity interest in Bright Way Avenue Sdn. Bhd., a company incorporated in Malaysia for a total consideration of RM2.

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition were:

	Fair value/Carrying amount 31.10.2011 RM
Property, plant and equipment	41,623
Intangible assets	1,600
Inventories	2,040
Trade and other receivables	590,715
Cash and bank balances	1,707,480
	2,343,458
Redeemable preference shares	(250,000)
Trade and other payables	(1,194,144)
	(1,444,144)
Net identifiable assets	899,314

Total cost of business combination

The total cost of the business combination is as follow:

	31.10.2011 RM
Total cost of business combination	1,136,934
Less: Non-cash consideration	-
Consideration settled in cash	1,136,934
Less: Cash and cash equivalents of the subsidiary company acquired	(1,707,480)
Net cash inflow on acquisition	(570,546)

Notes to the **Financial Statements**

31 December 2012 (cont'd)

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) Acquisition of subsidiary company (cont'd)

Goodwill arising on acquisition

	31.10.2011 RM
Fair value of net identifiable assets	899,314
Less: Non-controlling interest	(487,271)
Group's interest in fair value of net identifiable assets	412,043
Goodwill on acquisition (Note 15)	724,891
Cost of business combination	1,136,934

Impact of acquisition in Statement of Comprehensive Income

From the date of acquisition, Bright Way Avenue Sdn. Bhd. has contributed RM99,381 to the Group's profit for the financial year ended 31 December 2011. If the combination had taken place at the beginning of the financial year, the Group's profit for the financial year would have been RM1,903,529 and revenue would have been RM127,401,285.

13. INVESTMENT IN ASSOCIATED COMPANIES

	2012 RM	2011 RM
Group		
Unquoted shares, at cost		
At the beginning of the financial year	120,606	18,000
Addition	665,052	102,606
	785,658	120,606
Share of post-acquisition reserves	(190,886)	(82,781)
At the end of the financial year	594,772	37,825
Company		
Unquoted shares, at cost	18,000	18,000

Notes to the **Financial Statements**

31 December 2012 (cont'd)

13. INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

The particulars of associated companies are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2012	Effective Equity Interest 2011
Agriscience Biotech (M) Sdn. Bhd.	Malaysia	Provision of consultancy services for agriculture in bio-technology industry and full range of bio-technology products and services	30%	30%
Held Through CNI Enterprise (M) Sdn. Bhd.				
# Creative Network International (Thailand) Co. Ltd.	Thailand	Dormant	49%	49%
Held Through CNI Global (Malaysia) Sdn. Bhd. (formerly known as Regal Effect Sdn. Bhd.)				
Tunas Citarasa Sdn. Bhd.	Malaysia	Operation of food and beverage outlets, namely Otak-Otak Place	49%	-

Audited by another professional firm of accountants

Notes to the **Financial Statements**

31 December 2012 (cont'd)

13. INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

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

The summarised financial information of the associated companies are as follows:

	Group		
			As at
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Assets and liabilities			
Current assets	1,136,891	80,225	29,970
Non-current assets	374,438	2,235	2,831
Total assets	1,511,329	82,460	32,801
Current liabilities, representing total liabilities	507,821	157,996	21,425
Results			
Revenue	494,484	8,644	-
Loss for the financial year	(623,478)	(267,741)	(48,624)

The Group has not recognised losses relating to Agriscience Biotech (M) Sdn. Bhd. and Creative Network International (Thailand) Co. Ltd. where its share of losses exceeds the Group's interest in these associated companies since the previous financial year. The Group's cumulative share of unrecognised losses at the reporting date was RM110,898 (31.12.2011: RM37,248; 1.1.2011: RMnil) and there were RM73,650 (31.12.2011: RM37,248; 1.1.2011: RMnil) represents the share of the current financial year's losses. The Group has no obligation in respect of these losses.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

14. INVESTMENTS

	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
Group			
Non-current			
Available-for-sale financial assets:			
- Equity instruments (unquoted), at cost	2 ,000,000	2,000,000	2,500,000
Current			
Held for trading investments:			
- Unit trusts (quoted in Malaysia) (Note 36)	29,362,315	24,945,821	27,177,323
Total investments	31,362,315	26,945,821	29,677,323
Market value of quoted investments	29,362,315	24,945,821	27,177,323
Company			
Non-current			
Available-for-sale financial assets:			
- Equity instruments (unquoted), at cost	2 ,000,000	2,000,000	2,000,000
Current			
Held for trading investments:			
- Unit trusts (quoted in Malaysia) (Note 36)	3,031,626	-	1,000,000
Total investments	5,031,626	2,000,000	3,000,000
Market value of quoted investments	3,031,626	-	1,000,000

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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

15. GOODWILL

	Group	
	2012	2011
	RM	RM
Cost		
At beginning of the financial year	944,002	219,111
Additions during the financial year (Note 12)	-	724,891
At end of the financial year	944,002	944,002
Accumulated Impairment Loss		
At beginning/end of the financial year	219,111	219,111
Net carrying amount	724,891	724,891

Goodwill arising from business combinations has been allocated to the Group's CGUs identified according to the following segments:

	Group	
	2012	2011
	RM	RM
Food and beverages	96,103	96,103
Manufacturing	2,037	2,037
Marketing and trading	845,862	845,862
	944,002	944,002

Notes to the **Financial Statements**

31 December 2012 (cont'd)

15. GOODWILL (cont'd)

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 financial year period. The key assumptions used for value-in-use calculations are:

	Group	
	2012	2011
	RM	RM
Key assumptions used in value-in-use calculations		
Gross margin	26%	28%
Growth rate	50%	30%
Discount rate	5.5%	5.5%

The calculations of value-in-use are most sensitive to the following assumptions:

Gross margin - Gross margin is based on average supply price prior to the acquisition. These are expected to remain stable for the next three financial years.

Growth rate - The growth rate is based on management assessment on the impact of the aggressive marketing and sales activities to be carried out as well as the average growth rate for the similar companies.

Discount rate - Discount rate reflects the current market assessment of the risks. This is the benchmark used by management to assess operating performance and to evaluate future investments proposals.

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.

Impairment loss recognised

In prior financial year, the Group recognised an impairment loss of RM219,111 in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies which are loss-making as a result of poor performance from these subsidiary companies, hence the related goodwill had been impaired accordingly.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

16. OTHER INTANGIBLE ASSETS

Group	Computer Software RM	Trademark RM	Total RM
Cost			
At 1.1.12	5,534,753	25,779	5,560,532
Additions	602,636	-	602,636
Disposal	(260,622)	-	(260,622)
Written off	(134,447)	-	(134,447)
At 31.12.12	5,742,320	25,779	5,768,099
Accumulated Amortisation			
At 1.1.12	2,783,316	-	2,783,316
Charge for the financial year	422,211	-	422,211
Disposal	(50,779)	-	(50,779)
Written off	(128,408)	-	(128,408)
At 31.12.12	3,026,340	-	3,026,340
Net carrying amount			
At 31.12.12	2,715,980	25,779	2,741,759
Cost			
At 1.1.11	5,270,546	25,779	5,296,325
Acquisition of a subsidiary company	4,000	-	4,000
Additions	266,736	-	266,736
Reclassified from property, plant and equipment (Note 9)	1,145	-	1,145
Disposal	(2,250)	-	(2,250)
Written off	(5,424)	-	(5,424)
At 31.12.11	5,534,753	25,779	5,560,532
Accumulated Amortisation			
At 1.1.11	2,358,487	-	2,358,487
Acquisition of a subsidiary company	2,400	-	2,400
Charge for the financial year	426,830	-	426,830
Reclassified from property, plant and equipment (Note 9)	468	-	468
Disposal	(581)	-	(581)
Written off	(4,288)	-	(4,288)
At 31.12.11	2,783,316	-	2,783,316
Net carrying amount			
At 31.12.11	2,751,437	25,779	2,777,216
At 1.1.11	2,912,059	25,779	2,937,838

Notes to the **Financial Statements**

31 December 2012 (cont'd)

16. OTHER INTANGIBLE ASSETS (cont'd)

	Computer Software RM
Company	
Cost	
At 1.1.12	31,237
Disposal	(1,088)
At 31.12.12	30,149
Accumulated Amortisation	
At 1.1.12	9,935
Charge for the financial year	3,033
Disposal	(180)
At 31.12.12	12,788
Net carrying amount	
At 31.12.12	17,361
Cost	
At 1.1.11	27,916
Additions	2,176
Reclassified from property, plant and equipment (Note 9)	1,145
At 31.12.11	31,237
Accumulated Amortisation	
At 1.1.11	6,512
Charge for the financial year	2,955
Reclassified from property, plant and equipment (Note 9)	468
At 31.12.11	9,935
Net carrying amount	
At 31.12.11	21,302
At 1.1.11	21,404

Trademark

Trademark relates to "Pick'N Brew" brand name for the Group's restaurant that was acquired in business combination. As disclosed in Note 3(e)(ii), the useful life of this brand is estimated to be indefinite.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
Group			
Non-current			
Other receivables	-	15,400	17,155
Current			
Advance to suppliers	54,319	106,344	68,508
Other receivables	1,082,591	457,345	549,142
Deposits	1,582,531	1,531,489	1,527,107
Prepayments	747,516	658,634	644,023
	3,466,957	2,753,812	2,788,780
Total	3,466,957	2,769,212	2,805,935
Company			
Current			
Other receivables	406,149	94,091	9,923
Deposits	49,031	71,628	135,011
Prepayments	178,283	29,210	66,225
	633,463	194,929	211,159

Included in other receivables are amounts owing by the following:

Group	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
Related parties			
Other receivables	448,794	108,765	29,891
Associated companies			
Other receivables	361,001	31,487	-
Company			
Subsidiary company			
Deposits	-	30,420	30,420

Included in other receivables of the Group are staff car loans amounting to RMnil (31.12.2011:RM14,192; 1.1.2011: RM67,907) which bear interest at rates ranging from nil (31.12.2011: 1.0% to 1.5%; 1.1.2011: 0.5% to 3.5%) per annum.

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

Notes to the **Financial Statements**

31 December 2012 (cont'd)

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
(a) Deferred tax assets				
At beginning of the financial year	3,848,486	3,342,098	1,195,100	1,074,400
Recognised in profit or loss (Note 7)	(109,936)	506,388	(54,100)	120,700
At end of the financial year	3,738,550	3,848,486	1,141,000	1,195,100

Presented after appropriate off-setting as follows:

	2012	2011
Group	RM	RM
Deferred tax assets	4,704,892	4,917,586
Deferred tax liabilities	(966,342)	(1,069,100)
	3,738,550	3,848,486
Company		
Deferred tax assets	1,178,000	1,318,000
Deferred tax liabilities	(37,000)	(122,900)
	1,141,000	1,195,100

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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

(a) Deferred tax assets (cont'd)

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

	2012	2011
Group	RM	RM
Deferred tax assets		
Allowance for inventory written off	100,700	97,200
Provision for employee benefits	38,400	54,700
Retirement benefits	2,382,000	3,368,700
Unabsorbed capital allowances	417,242	512,300
Unabsorbed reinvestment allowances	10,800	10,800
Unrealised loss on foreign exchange	-	7,000
Unutilised tax losses	1,414,521	378,250
Unrealised profits on inventories	341,229	488,636
	4,704,892	4,917,586
Deferred tax liabilities		
Change in fair value of investment properties	-	(90,900)
Differences between the carrying amounts of property, plant and equipment and their tax bases	(955,842)	(975,800)
Taxable temporary differences arising from income	-	(400)
Unrealised gain on foreign exchange	(10,500)	(2,000)
	(966,342)	(1,069,100)
Company		
Deferred tax assets		
Retirement benefits	307,000	1,309,000
Provision for employee benefits	6,300	9,000
Unabsorbed capital allowances	2,900	-
Unutilised tax losses	861,800	-
	1,178,000	1,318,000
Deferred tax liabilities		
Unrealised gain on foreign exchange	(4,000)	(2,000)
Differences between the carrying amounts of property, plant and equipment and their	(33,000)	(30,000)
tax bases	-	(90,900)
Changes in fair value of investment properties	(37,000)	(122,900)

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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

(b) Deferred tax liabilities

	2012	2011
Group	RM	RM
At beginning of the financial year	(2,046,124)	(2,279,800)
Recognised in profit or loss (Note 7)	644,919	233,676
At end of the financial year	(1,401,205)	(2,046,124)

Presented after appropriate off-setting as follows:

	2012	2011
	RM	RM
Deferred tax liabilities	(2,380,405)	(2,657,891)
Deferred tax assets	979,200	611,767
	(1,401,205)	(2,046,124)

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

	2012	2011
	RM	RM
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(2,380,405)	(2,657,891)
Deferred tax assets		
Retirement benefits	517,000	502,000
Unutilised tax losses	188,100	-
Unabsorbed capital allowances	274,100	109,767
	979,200	611,767

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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 are as follows:

	Group	
	2012	2011
	RM	RM
Unabsorbed capital allowances	654,889	320,926
Unutilised tax losses	10,312,988	8,358,247
	10,967,877	8,679,173

19. INVENTORIES

			As at
	31.12.2012	31.12.2011	1.1.2011
Group	RM	RM	RM
At cost			
Raw materials	4,555,976	4,494,631	3,752,926
Work-in-progress	129,642	112,164	208,272
Consumable tools	159,560	166,131	180,995
Packaging materials	2,145,014	2,148,916	1,913,711
Merchandised goods	5,800,226	7,895,158	8,632,868
Finished goods	932,462	1,265,246	1,507,387
Sales aid items	536,544	668,260	581,232
Completed properties	4,327,488	4,327,488	-
	18,586,912	21,077,994	16,777,391
At net realisable value			
Consumable tools	300	420	480
	18,587,212	21,078,414	16,777,871
Company			
At net realisable value			
Consumable tools	300	420	480

Notes to the **Financial Statements**

31 December 2012 (cont'd)

20. TRADE RECEIVABLES

	31.12.2012	31.12.2011	As at 1.1.2011
	RM	RM	RM
Group			
External parties	7,282,966	7,378,643	7,498,736
Related parties	2,168,836	1,534,119	2,313,777
	9,451,802	8,912,762	9,812,513
Less: Allowance for impairment	(583,015)	(583,261)	(405,190)
	8,868,787	8,329,501	9,407,323
Company			
External parties	77,110	119,641	104,747
Less: Allowance for impairment	-	-	(8,003)
	77,110	119,641	96,744

(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 (31.12.2011: 30 to 120 days; 1.1.2011: 30 to 120 days) and within 30 days (31.12.2011: 30 days; 1.1.2011: 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:

	31.12.2012	31.12.2011	As at 1.1.2011
Group	RM	RM	RM
Neither past due nor impaired	5,084,994	4,904,688	5,836,950
1 to 30 days past due not impaired	1,987,848	998,786	1,428,079
31 to 60 days past due not impaired	737,510	1,214,125	730,707
61 to 90 days past due not impaired	420,916	41,811	317,011
More than 90 days past due not impaired	616,336	1,126,528	1,014,129
	3,762,610	3,381,250	3,489,926
Impaired	604,198	626,824	485,637
	9,451,802	8,912,762	9,812,513

Notes to the **Financial Statements**

31 December 2012 (cont'd)

20. TRADE RECEIVABLES (cont'd)

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

			As at
	31.12.2012	31.12.2011	1.1.2011
Company	RM	RM	RM
Neither past due nor impaired	16,398	24,800	-
1 to 30 days past due not impaired	2,472	20,035	29,118
31 to 60 days past due not impaired	-	-	16,330
61 to 90 days past due not impaired	-	-	3,500
More than 90 days past due not impaired	58,240	74,806	47,796
	60,712	94,841	96,744
Impaired	-	-	8,003
	77,110	119,641	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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,762,610 (31.12.2011: RM3,381,250; 1.1.2011: RM3,489,926) and RM60,712 (31.12.2011: RM94,841; 1.1.2011: 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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

20. TRADE RECEIVABLES (cont'd)

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

Receivables that are impaired

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

	Individually impaired As at		
	31.12.2012	31.12.2011	1.1.2011
Group	RM	RM	RM
Trade receivables (nominal amounts)	604,198	626,824	485,637
Less: Allowance for impairment	(583,015)	(583,261)	(405,190)
	21,183	43,563	80,447
Company			
Trade receivables (nominal amounts)	-	-	8 ,003
Less: Allowance for impairment	-	-	(8,003)
	-	-	-

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.

Movement in allowance accounts:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At 1 January	583,261	405,190	-	8,003
Charge for the financial year	-	178,348	-	-
Written off	(246)	(8,003)	-	(8,003)
Exchange difference	-	7,726	-	-
At 31 December	583,015	583,261	-	-

Notes to the **Financial Statements**

31 December 2012 (cont'd)

20. TRADE RECEIVABLES (cont'd)

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

		Group	
		As at	
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Brunei Dollars	22,914	1,979	-
Singapore Dollars	2,361,231	1,880,436	-
Thailand Baht	29,740	14,857	-
United States Dollars	2,356,977	2,327,410	248,900

(d) Further details on related parties transactions are disclosed in Note 38.

21. AMOUNTS OWING BY ASSOCIATED COMPANIES

These amounts are non-trade in nature, unsecured, interest free and repayable on demand by cash.

22. AMOUNTS 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 amounts owing by two subsidiary companies totalling RM14,106,389 (31.12.2011: RM8,236,188; 1.1.2011: RM7,619,722) which bear interest at a rate of 3.75% (31.12.2011: 3.75%; 1.1.2011: 3.75%) per annum.

23. TAX ASSETS

			As at
	31.12.2012	31.12.2011	1.1.2011
Group	RM	RM	RM
Tax paid in advance	311,352	921,126	557,806
Tax recoverable	1,594,376	1,220,997	1,471,459
	1,905,728	2,142,123	2,029,265
Company	RM	RM	RM
Tax paid in advance	-	-	87,400
Tax recoverable	881,641	824,831	557,801
	881,641	824,831	645,201

Notes to the **Financial Statements**

31 December 2012 (cont'd)

24. CASH AND BANK BALANCES

	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
Group			
Cash and bank balances	9,799,831	11,392,856	8,827,730
Cash deposits with licensed banks	-	1,650,000	4,080,764
	9,799,831	13,042,856	12,908,494
Company			
Cash and bank balances	507,103	1,924,865	1,168,034

The cash deposits with licensed banks of the Group bear effective interest at a rate of nil (31.12.2011: 2.48%; 1.1.2011: 1.69% to 2.15%) per annum and mature within one year.

The foreign currency exposure profile of the Group is as follows:

	Group		
	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
Brunei Dollars	159,061	207,200	745,898
Chinese Renminbi	26	-	21,665
Euro	11,463	12,304	-
Indian Rupee	659	705	780
Singapore Dollars	85,326	76,597	55,052
Sri Lanka Rupee	100	-	-
United States Dollars	501,255	827,901	1,879,600
Vietnamese Dollars	98	100	-

Notes to the **Financial Statements**

31 December 2012 (cont'd)

25. NON-CURRENT ASSETS HELD FOR SALE

	Group/Company 2012 RM	Group/Company 2011 RM
At fair value		
At beginning of the financial year	1,165,000	-
Disposal	(900,000)	-
Reclassified from investment properties (Note 11)	5,200,000	1,165,000
At end of the financial year	5,465,000	1,165,000

The following are held under lease terms:

	Group/Company 2012 RM	Group/Company 2011 RM
Leasehold land and building:		
- unexpired lease period of more than 50 years	5,465,000	1,165,000

During the financial year, the Company entered into a Sale and Purchase Agreement to dispose one unit of 4-storey shoplot and one unit of 5-storey shoplot for a cash consideration of RM2,600,000 and RM2,600,000 respectively. The disposal of the investment properties will be completed in subsequent financial year.

In the previous financial year, the Company entered into a Sale and Purchase Agreement to dispose one unit of 3-storey shophouse and one unit of condominium for a cash consideration of RM900,000 and RM265,000 respectively. The disposal of the unit of condominium is pending for the issuance of strata title.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

26. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2012	2011	2012	2011
Authorised			RM	RM
Ordinary shares of RM0.10 each:				
At the beginning/at the end of the financial year	1,000,000,000	1 ,000,000,000	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM0.10 each:				
At the beginning/at the end of the financial year	720,000,000	720,000,000	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.

27. 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 21 June 2012, 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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

27. TREASURY SHARES (cont'd)

During the financial year, the Company repurchased a total of 1,992,400 (31.12.2011: 200,000; 1.1.2011: 932,400) of its issued and fully paid-up ordinary shares from the open market at an average price of RM0.134 (31.12.2011: RM0.165; 1.1.2011: RM0.203) per share. The total consideration paid for the repurchased shares including transaction costs was RM267,591 (31.12.2011: RM33,088; 1.1.2011: RM189,276). 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 RM1,602,479 (31.12.2011: RM1,334,888; 1.1.2011: RM1,301,800).

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
		RM	RM	RM	RM
March 2012	100,000	0.160	0.160	0.160	16,117
June 2012	1,792,400	0.140	0.125	0.133	239,386
September 2012	100,000	0.120	0.120	0.120	12,088
	1,992,400				267,591

		<-------------------- Price per share -------------------->			
Month	No. of shares repurchased	Highest	Lowest	Average	Total Consideration
		RM	RM	RM	RM
March 2011	100,000	0.185	0.180	0.182	18,371
September 2011	100,000	0.150	0.140	0.145	14,717
	200,000				33,088

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

Of the total 720,000,000 (31.12.2011: 720,000,000; 1.1.2011: 720,000,000) issued and fully paid ordinary shares as at 31 December 2012, 6,134,000 (31.12.2011: 4,041,600; 1.1.2011: 3,841,600) ordinary shares are held as treasury shares by the Company. As at 31 December 2012, the number of outstanding ordinary shares in issue after the set off is therefore 713,866,000 (31.12.2011: 715,958,400; 1.1.2011: 716,158,400) ordinary shares of RM0.10 each.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

28. OTHER RESERVES

	Translation Reserve RM	Fair Value Adjustment Reserve RM	Total RM
Group			
At 1.1.2011	(2,605)	(12,778)	(15,383)
Other comprehensive income:			
- Foreign currency translation	(85,702)	-	(85,702)
At 31.12.2011	(88,307)	(12,778)	(101,085)
Other comprehensive income:			
- Crystalisation of fair value adjustment reserve	-	12,778	12,778
- Foreign currency translation	(105,436)	-	(105,436)
At 31.12.2012	(193,743)	-	(193,743)

	Fair Value Adjustment Reserve RM
Company	
At 1.1.2011	23,034,397
Effect of transition to MFRSs	(23,034,397)
At 1.1.2011 (restated)	-
Other comprehensive income:	
- Fair value gain on available-for-sale financial assets	1,948,893
- Effect of transition to MFRSs	(1,948,893)
At 31.12.2011/2012	-

(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

The fair value adjustment reserve of the Group represents the cumulative fair value changes of available-for-sale financial assets until they are disposed or impaired. The financial assets were fully recovered in 2011.

The fair value adjustment reserve of the Company represents the cumulative fair value changes of investment in subsidiary companies recognised as available-for-sale financial assets. Effect of transition to MFRSs in further explained in Note 2(b)(i).

Notes to the **Financial Statements**

31 December 2012 (cont'd)

29. FINANCE LEASE PAYABLES

	Group		
			As at
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Gross instalment payments	19,800	25,200	2,345
Less: Future finance charges	(4,329)	(6,977)	(62)
Total present value of finance lease payables	15,471	18,223	2,283
Payable within one year			
Gross instalment payments	5,400	5,400	2,345
Less: Future finance charges	(2,020)	(2,649)	(62)
Present value of finance lease payables	3,380	2,751	2,283
Payable more than 1 year but not more than 2 years			
Gross instalment payments	5,400	5,400	-
Less: Future finance charges	(1,390)	(2,020)	-
Present value of finance lease payables	4,010	3,380	-
Payable more than 2 years but not more than 5 years			
Gross instalment payments	9,000	14,400	-
Less: Future finance charges	(919)	(2,308)	-
Present value of finance lease payables	8,081	12,092	-
Total present value of finance lease payables	15,471	18,223	2,283
Analysed as:			
Due within 1 year	3,380	2,751	2,283
Due after 1 year	12,091	15,472	-
	15,471	18,223	2,283

The finance lease payables of the Group bear effective interest at a rate of 14.80% (31.12.2011: 14.80%; 1.1.2011: 9.37%) per annum.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

30. TERM LOAN

	Group		
			As at
	31.12.2012	31.12.20111	1.1.2011
	RM	RM	RM
Secured			
Due within 1 year	31,687	29,397	28,396
Due after 1 year	25,703	57,471	85,821
	57,390	86,868	114,217

The term loan of a subsidiary company has not been fully drawn down and term loan interest is being charged at rates ranging from 6.80% to 7.10% (31.12.2011: 6.80% to 7.10%; 1.1.2011: 6.05% to 6.80%) per annum.

The term loan is secured as follows:

(i) deed of assignment and private caveat on the capital work-in-progress being financed for the term loan (Note 10); and

(ii) Joint and several guarantees by certain directors of the subsidiary company.

31. RETIREMENT BENEFITS

The movements in the net liabilities recognised in the statements of financial position are as follows:

	2012	2011
Group	RM	RM
Liability for defined benefit obligations at beginning of the financial year	15,483,122	14,777,982
Current service costs and interest	529,195	743,218
Amortisation of net gain	(40,632)	(38,078)
Benefits paid	(4,376,530)	-
Liability for defined benefit obligations at end of the financial year (non-current)	11,595,155	15,483,122

Notes to the **Financial Statements**

31 December 2012 (cont'd)

31. RETIREMENT BENEFITS (cont'd)

Company	2012 RM	2011 RM
Liability for defined benefit obligations at beginning of the financial year	11,800,326	11,818,520
Current service costs and interest	369,752	584,516
Transfer to subsidiary company	-	(602,710)
Benefits paid	(4,376,530)	-
Liability for defined benefit obligations at end of the financial year (non-current)	7,793,548	11,800,326

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

	2012 RM	2011 RM
Group		
Present value of unfunded obligations	10,256,678	13,996,616
Unrecognised net actuarial gain	1,338,477	1,486,506
	11,595,155	15,483,122
Company		
Present value of unfunded obligations	7,042,608	10,988,273
Unrecognised net actuarial gain	750,940	812,053
	7,793,548	11,800,326

Notes to the **Financial Statements**

31 December 2012 (cont'd)

31. RETIREMENT BENEFITS (cont'd)

The expenses recognised in the statements of comprehensive income are analysed as follows (Note 6):

	2012 RM	2011 RM
Group		
Interest cost	529,195	743,218
Net actuarial gain recognised in the financial year	(40,632)	(38,078)
	488,563	705,140
Company		
Interest cost	369,752	584,516
	369,752	584,516

Principal actuarial assumptions used at the reporting date are as follows:

	Group/Company	
	2012 RM	2011 RM
Discount rate	5.50%	5.50%
Expected rate of salary increase	3.00%	3.00%

32. TRADE PAYABLES

The normal trade credit term granted by the trade creditors to the Group ranges from 30 to 90 days (31.12.2011: 30 to 90 days; 1.1.2011: 30 to 90 days).

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

	31.12.2012	31.12.2011	As at 1.1.2011
Group	RM	RM	RM
Japanese Yen	-	539	-
Singapore Dollars	184,789	126,903	1,161
United States Dollars	1,516,116	520,474	392,990

Notes to the **Financial Statements**

31 December 2012 (cont'd)

33. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
Group			
Advances from customers	1,669,442	962,871	38,292
Other payables	2,078,290	758,632	1,484,314
Deposits	2,622,228	3,040,924	3,443,050
Accruals	5,707,866	5,267,209	4,171,784
	12,077,826	10,029,636	9,137,440
Company			
Other payables	634,575	101,136	145,763
Deposits	154,829	236,279	130,600
Accruals	261,793	103,940	75,713
	1,051,197	441,355	352,076

Included in other payables of the Group are amounts owing to related parties amounting to RM137,238 (31.12.2011: RM137,932; 1.1.2011: RM87,794).

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

34. PROVISION FOR EMPLOYEES BENEFITS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At beginning of the financial year	220,802	150,403	36,098	89,748
Additions	160,570	218,648	25,488	36,098
Incurred	(220,802)	(148,249)	(36,098)	(89,748)
(Reversal)/Provision for employee benefits (Note 6)	(60,232)	70,399	(10,610)	(53,650)
At end of the financial year	160,570	220,802	25,488	36,098

This is in respect of provision for short term accumulating compensated absences for directors and employees of the Group and of 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 financial year end.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

35. DIVIDENDS

	Group/Company	
	2012	2011
	RM	RM
Recognised during the financial year		
Interim dividend of RM0.0061 per share less 25% tax based on 716,058,400 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2010	-	3,275,946
Interim dividend of RM0.004 per share less 25% tax based on 715,858,400 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2011	2,147,575	-
Net dividend per share (sen)	0.30	0.46

After the end of the financial year, the Company declared and paid an interim dividend of RM0.004 per share less 25% tax based on 713,866,000 ordinary shares amounting to RM2,141,598 in respect of the current financial year on 18 April 2013. The financial statements of the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

36. CASH AND CASH EQUIVALENTS

	31.12.2012	31.12.2011	As at 1.1.2011
	RM	RM	RM
Group			
Cash and bank balances (Note 24)	9,799,831	13,042,856	12,908,494
Highly liquid investments in unit trusts (Note 14)	29,362,315	24,945,821	27,177,323
	39,162,146	37,988,677	40,085,817
Company			
Cash and bank balances (Note 24)	507,103	1,924,865	1,168,034
Highly liquid investments in unit trusts (Note 14)	3,031,626	-	1,000,000
	3,538,729	1,924,865	2,168,034

Notes to the **Financial Statements**

31 December 2012 (cont'd)

37. CAPITAL COMMITMENTS

	31.12.2012 RM	31.12.2011 RM	As at 1.1.2011 RM
Group			
In respect of capital expenditure approved and contracted for:			
- Purchase of property, plant and equipment	91,000	242,373	142,619
- Committed capital work-in-progress	35,774	35,774	35,774
- Acquisition of other intangible assets	2,400	5,250	12,500
	129,174	283,397	190,893
In respect of capital expenditure approved and not contracted for:			
- Purchase of property, plant and equipment	1,606,582	2,813,400	763,280

38. RELATED PARTIES TRANSACTIONS

(a) Identity of related parties

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 have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their associated companies, key management personnel and director related companies. Director related companies refer to companies in which certain directors of the Company have substantial financial interests and/or are also directors of the companies.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

38. RELATED PARTIES TRANSACTIONS (cont'd)

(b) Transactions with director related companies are as follows:

	Group	
	2012	2011
	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	(662,132)	(882,451)
- Rental revenue	(282,610)	(267,800)
- Management fee	287,853	318,978
- Rental charge	84,000	84,000
- Research and development expenditure	391,543	442,273
- Purchase of goods	482,312	662,565
- Purchase of properties	-	4,327,488
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	244,881	256,361
- Sales revenue	(3,835,742)	(6,403,568)
- Purchase of goods	-	6,550
Transaction(s) with a company in which the Director(s) of the Company, is/are also director(s) is(are) as follows:-		
- Sales revenue	(110,268)	-
- Purchase of goods	-	126,131

Information regarding outstanding balances arising from related parties transactions as at 31 December 2012 are disclosed in Notes 17, 20 and 33.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

38. RELATED PARTIES TRANSACTIONS (cont'd)

(c) Transactions with subsidiary companies are as follows:

	Company	
	2012	2011
	RM	RM
Management fee revenue received and receivable	(4,134,844)	(4,809,759)
Dividend revenue (gross) received and receivable	(4,316,667)	(4,369,786)
Rental revenue received and receivable	-	(22,000)
Interest revenue received and receivable	(21,635)	(308,958)
Rental of premises paid and payable	183,480	182,520
Purchase of product and food	277,107	108,973
Information Communication Technologies shared charges paid and payable	214,343	169,476

(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 personnel is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short term employees benefits	4,640,769	4,930,400	1,275,582	1,987,113
Post-employment benefits	1,085,275	1,227,011	522,060	803,170
	5,726,044	6,157,411	1,797,642	2,790,283

39. OPERATING LEASE COMMITMENTS

The Group has entered into a commercial lease for its office premises. This lease has a tenure of 2 financial 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	
	2012	2011
	RM	RM
Not later than one year	239,093	211,910
Later than one year but not later than five years	169,359	-
	408,452	211,910

Notes to the **Financial Statements**

31 December 2012 (cont'd)

40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its 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, import and distribution of food ingredients and trading of properties
Food and beverages	Operation of food and beverages outlets

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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

40. SEGMENT INFORMATION (cont'd)

	Note	Investment Holding RM	Manufacturing RM	Marketing & Trading RM	Food & Beverages RM	Adjustments & Eliminations RM	Consolidated RM
At 31.12.2012							
Revenue							
External revenue		(353,377)	(13,145,752)	(100,707,047)	(1,612,553)	-	(115,818,729)
Inter-segment revenue	a	(8,451,414)	(24,768,522)	(4,634,273)	(582,899)	38,437,108	-
Total revenue		(8,804,791)	(37,914,274)	(105,341,320)	(2,195,452)	38,437,108	(115,818,729)
Result							
Interest revenue		(47,440)	(44,212)	(41,689)	-	31,051	(102,290)
Dividend revenue		(4,316,667)	-	(445,016)	-	4,761,683	-
Change in fair value of investment properties		(800,000)	-	-	-	-	(800,000)
Depreciation and amortisation		65,728	1,753,676	1,845,499	192,420	201,623	4,058,946
Share of loss of associated companies		108,105	-	-	-	-	108,105
Other non-cash expenses	b	372,764	249,701	473,837	273,001	-	1,369,303
Segment profit/(loss)	c	3,836,579	(3,691,250)	4,746,535	(799,365)	(2,332,685)	1,759,814
Segment Assets							
Investment in associated companies		18,000	-	118,409	649,249	(190,886)	594,772
Additions to non-current assets	d	299	1,901,112	2,011,747	1,321,292	-	5,234,450
Segment assets	e	110,569,339	36,524,354	86,093,920	9,427,822	(110,654,535)	131,960,900
Segment liabilities	f	8,870,233	10,410,229	21,534,151	16,675,428	(29,739,474)	27,750,567

Notes to the **Financial Statements**
31 December 2012 (cont'd)

40. SEGMENT INFORMATION (cont'd)

	Note	Investment Holding RM	Manufacturing RM	Marketing & Trading RM	Food & Beverages RM	Adjustments & Eliminations RM	Consolidated RM
At 31.12.2011							
Revenue							
External revenue		(400,140)	(16,189,112)	(106,854,579)	(3,138,321)	-	(126,582,152)
Inter-segment revenue	a	(9,201,548)	(25,485,907)	(5,807,627)	(1,484,468)	41,979,550	-
Total revenue		(9,601,688)	(41,675,019)	(112,662,206)	(4,622,789)	41,979,550	(126,582,152)
Result							
Interest revenue		(321,545)	(126,895)	(61,891)	-	460,558	(49,773)
Dividend revenue		(4,369,786)	-	-	-	4,369,786	-
Change in fair value of investment properties		(185,000)	-	-	-	-	(185,000)
Depreciation and amortisation		57,841	1,904,217	2,022,036	244,056	444,555	4,672,705
Share of loss of associated companies		68,194	-	-	-	-	68,194
Other non-cash expenses	b	531,305	88,048	477,678	380,741	-	1,477,772
Segment profit/(loss)	c	1,805,682	1,225,276	7,571,191	(2,186,129)	(5,429,464)	2,986,556
Segment Assets							
Investment in associated companies		18,000	-	102,606	-	(82,781)	37,825
Additions to non-current assets	d	20,457	563,651	3,341,129	91,549	183,815	4,200,601
Segment assets	e	113,243,994	39,629,534	85,351,830	9,173,722	(111,429,412)	135,969,668
Segment liabilities	f	12,277,779	9,305,771	22,101,177	15,621,963	(28,529,061)	30,777,629

Notes to the **Financial Statements**

31 December 2012 (cont'd)

40. SEGMENT INFORMATION (cont'd)

(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:

	2012 RM	2011 RM
Inventories written off	438,721	52,118
Retirement benefits expense	488,563	705,140
Bad debts written off	8,562	36,887
Impairment loss recognised on trade receivables	-	178,348
(Reversal of)/Provision for employee benefits	(60,232)	70,399
Property, plant and equipment written off	493,689	434,880
	1,369,303	1,477,772

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

	2012 RM	2011 RM
Share of loss of associated companies	(108,105)	(68,194)
Profit from inter-segment sales	(10,046,160)	(12,921,940)
Finance costs	30,854	460,558
Unallocated corporate expenses	10,432,998	12,862,814
Other operating revenue	(2,642,272)	(5,762,702)
	(2,332,685)	(5,429,464)

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

	2012 RM	2011 RM
Property, plant and equipment	3,781,814	3,933,865
Other intangible assets	602,636	266,736
Investment properties	850,000	-
	5,234,450	4,200,601

Notes to the **Financial Statements**

31 December 2012 (cont'd)

40. SEGMENT INFORMATION (cont'd)

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

	2012 RM	2011 RM
Deferred tax assets	326,028	488,636
Inter-segment assets	(110,980,563)	(111,918,048)
	(110,654,535)	(111,429,412)

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

	2012 RM	2011 RM
Inter-segment liabilities	(29,739,474)	(28,529,061)

Geographical Information

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

	2012 RM	2011 RM
Australia	83,757	86,426
Brunei	5,503,822	8,041,898
Cambodia	67,539	56,910
China	985,701	422,280
Hong Kong	1,588,842	503,270
India	14,576	48,211
Indonesia	2,425,131	3,974,351
Malaysia	98,838,170	105,738,301
Philipines	33,289	46,850
United States of America	515,317	1,158,949
Singapore	5,326,303	6,482,017
Thailand	336,231	15,068
Others	100,051	7,621
	115,818,729	126,582,152

Notes to the **Financial Statements**

31 December 2012 (cont'd)

40. SEGMENT INFORMATION (cont'd)

The following is the analysis of non-current assets other than financial instruments and deferred tax assets analysed by the Group's geographical segment.

	Malaysia	Singapore	Consolidated
	RM	RM	RM
At 31.12.2012			
Property, plant and equipment	41,967,919	155,043	42,122,962
Capital work-in-progress	1	-	1
Investment properties	2,250,000	-	2,250,000
Investment in associated companies	594,772	-	594,772
Goodwill	724,891	-	724,891
Other intangible assets	2,741,759	-	2,741,759
Total non-current assets	48,279,342	155,043	48,434,385
At 31.12.2011			
Property, plant and equipment	44,358,786	143,521	44,502,307
Capital work-in-progress	1	-	1
Investment properties	8,400,000	-	8,400,000
Investment in associated companies	37,825	-	37,825
Goodwill	724,891	-	724,891
Other intangible assets	2,777,216	-	2,777,216
Total non-current assets	56,298,719	143,521	56,442,240

41. SIGNIFICANT EVENTS

On 6 March 2012, a subsidiary company, Symplesoft Sdn. Bhd. subscribed for 299,940 new ordinary shares of RM1 each in Sierra Edge Sdn. Bhd. ("SE") for a total consideration of RM299,940. There was no change to the per centum of shareholdings in SE.

On 19 March 2012, a subsidiary company, CNI Enterprise (M) Sdn. Bhd., subscribed for 14,700 new ordinary shares of THB10 each in Creative Network International (Thailand) Co., Ltd for a total consideration of THB147,000 (equivalent to approximately RM15,803). There was no change to the per centum of shareholdings in the associated company.

On 18 May 2012, a subsidiary company, CNI Global (Malaysia) Sdn. Bhd. (formerly known as Regal Effect Sdn. Bhd.) ("CNIG"), subscribed for 649,249 new ordinary shares of RM1 each in Tunas Citarasa Sdn. Bhd., representing 49% of equity interest of Tunas Citarasa Sdn. Bhd. for a total consideration of RM649,249; comprises of cash RM150,000 and RM499,249 to be paid by transfer of the Otak-Otak Place (Note 13).

On 2 October 2012, a subsidiary company, CNI Enterprise (M) Sdn. Bhd., acquired 2,600,000 ordinary shares of RM1 each in CNIG, representing the entire issued and paid up share capital of CNIG for a total consideration of RM1. The subsidiary was previously owned by Infuso Sdn. Bhd., another subsidiary company of the Company (Note 12).

Notes to the **Financial Statements**

31 December 2012 (cont'd)

42. 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. The risk management 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.

(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.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

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

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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

(a) Credit Risk (cont'd)

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 past due but not impaired is disclosed in Note 20.

Financial assets that are impaired

Information regarding financial assets that are 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.

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

Notes to the **Financial Statements**

31 December 2012 (cont'd)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(b) **Liquidity Risk** (cont'd)

Group	Carrying amount RM	Total contractual cash flows RM	On demand or less than 1 year RM	Within 1-2 years RM	Within 2-5 years RM
31.12.2012					
Financial liabilities:					
Trade payables	2,435,457	2,435,457	2,435,457	-	-
Other payables	12,077,826	12,077,826	12,077,826	-	-
Finance lease payables	15,471	19,800	5,400	5,400	9,000
Term loan	57,390	61,152	34,620	26,532	-
	14,586,144	14,594,235	14,553,303	31,932	9,000
31.12.2011					
Financial liabilities:					
Trade payables	2,708,017	2,708,017	2,708,017	-	-
Other payables	10,029,636	10,029,636	10,029,636	-	-
Finance lease payables	18,223	25,200	5,400	5,400	14,400
Term loan	86,868	95,773	34,620	34,620	26,533
	12,842,744	12,858,626	12,777,673	40,020	40,933
1.1.2011					
Financial liabilities:					
Trade payables	2,145,394	2,145,394	2,145,394	-	-
Other payables	9,137,440	9,137,440	9,137,440	-	-
Finance lease payables	2,283	2,345	2,345	-	-
Term loan	114,217	130,046	34,527	34,620	60,899
	11,399,334	11,415,225	11,319,706	34,620	60,899

Notes to the **Financial Statements**

31 December 2012 (cont'd)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(b) Liquidity Risk (cont'd)

Group	Carrying amount RM	Total contractual cash flows RM	On demand or less than 1 year RM	Within 1-2 years RM	Within 2-5 years RM
31.12.2012					
Financial liabilities:					
Other payables	1,051,197	1,051,197	1,051,197	-	-
31.12.2011					
Financial liability:					
Other payables	441,355	441,355	441,355	-	-
1.1.2011					
Financial liability:					
Other payables	352,076	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:

(i) 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.

(ii) 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.

Sensitivity analysis for interest rate risk

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 RM23,522 (31.12.2011: RM20,210; 1.1.2011: RM22,258) as a result of exposure to interest income from floating rate of other investments.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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 has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly in Singapore Dollar ("SGD") and 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 RM757,988 (31.12.2011: RM1,124,807; 1.1.2011: 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

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currency of the Group entities, with all other variables held constant:

		Group	
		2012	2011
		RM	RM
		Profit net of tax	
USD/RM	- strengthened 7%	7,058	95,304
	- weakened 7%	(7,058)	(95,304)
SGD/RM	- strengthened 7%	118,742	96,082
	- weakened 7%	(118,742)	(96,082)

(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 RM220,217 (31.12.2011: RM187,094; 1.1.2011: RM203,830) as a result of increase/decrease in the fair value of investments in equity instrument classified as held for trading.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders 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 financial years ended 31 December 2012, 31 December 2011 and 1 January 2011.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital. The Group's gearing ratio is shown as follow:

			As at
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Total debt	72,861	105,091	116,500
Total equity	104,210,333	105,192,039	106,068,315
Debt to equity	0.07%	0.10%	0.11%

The Company and its subsidiary companies are not subject to any externally imposed capital requirements.

44. 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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

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

(iv) Quoted Investments

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

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	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
At 31.12.2012	RM	RM	RM	RM
Financial Assets				
Unquoted shares	2,000,000	*	2,000,000	*
Financial Liabilities				
Finance lease payables				
(Non-current)	12,091	14,400	-	-
At 31.12.2011				
Financial Assets				
Unquoted shares	2,000,000	*	2,000,000	*
Financial Liabilities				
Finance lease payables				
(Non-current)	15,472	15,211	-	-
At 1.1.2011				
Financial Assets				
Staff car loan receivables				
(non-current)	65,886	59,312	-	-
Unquoted shares	2,500,000	*	2,000,000	*

* Investment in equity instruments carried at cost.

Fair value information has not been disclosed for the Group's and the Company's investment in equity instruments that are carried at cost because the fair value cannot be measured reliably. These equity instruments represent shares in 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.

Notes to the **Financial Statements**

31 December 2012 (cont'd)

45. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2012 and 2011, the Group and the Company held the following financial instruments carried at fair values on the statements of financial position:

	Carrying Amount	Level 1	Level 2	Level 3
Group	RM	RM	RM	RM
At 31.12.2012				
Held for trading investments:				
- unit trusts	29,362,315	29,362,315	-	-
At 31.12.2011				
Held for trading investments:				
- unit trusts	24,945,821	24,945,821	-	-
At 1.1.2011				
Held for trading investments:				
- unit trusts	27,177,323	27,177,323	-	-
Company				
At 31.12.2012				
Held for trading investments:				
- unit trusts	3,031,626	3,031,626	-	-
At 31.12.2011				
Held for trading investments				
- unit trusts	-	-	-	-
At 1.1.2011				
Held for trading investments:				
- unit trusts	1,000,000	1,000,000	-	-

Supplementary Information on the Disclosure of **Realised and Unrealised Profits or Losses**

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2012 and 31 December 2011 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 reporting date is analysed as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiaries:				
- realised	49,457,367	46,103,103	9,381,614	7,266,083
- unrealised	3,121,700	3,799,817	21,919,971	23,035,020
Total share of retained earnings from associated company:				
- realised	(190,886)	(82,781)	-	-
Less:				
Consolidation adjustments	(19,456,836)	(16,042,074)	-	-
Total retained earnings	32,931,345	33,778,065	31,301,585	30,301,103

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 2012 are as follows:

Location / Postal address	Description / existing use	Land area / built-up area (sq. feet)	Land Tenure (expiry date)	Approximate age (year)	Audited net book value as at 31.12.12 (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	16	30,128	1 Apr 1994/ -
Geran 205885 Lot 72203, Mukim Pulai Daerah Johor Bahru, Negeri Johor 72,Jalan Indah 1, Taman Bukit Indah, 81200 Skudai, Johor Bahru. Johor.	Double storey shop house	1,650 / 3,300	Freehold	5	533	3 Jan 2011/ 31 Dec 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 / (Non-current asset held for sale)	1,800 / 10,632	Leasehold – 99 years (29 Aug 2094)	15	2,600	4 Apr 1995/ 4 Jan 2011
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/ (Non-current asset held for sale)	1,865 / 9,163	Leasehold – 99 years (23 May 2089)	16	2,600	12 Jul 1993/ 31 Dec 2010

List of **Properties**

Location / Postal address	Description / existing use	Land area / built-up area (sq. feet)	Land Tenure (expiry date)	Approximate age (year)	Audited net book value as at 31.12.12 (RM'000)	Date of Acquisition/ last revaluation
PN 11889/M1/7/210 LOT 733 Bandar Shah Alam Daerah Petaling Negeri Selangor 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 / (Non-current asset held for sale)	Not applicable/ 1,231	Leasehold – 99 years (14 Feb 2091)	14	265	30 May 1995/ 31 Dec 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)	6	1,400	19 Jun 2008/ 2 Jan 2013
Geran 29185 Lot 5471 Mukim Petaling Daerah Petaling Negeri Selangor No 9, Jalan Puteri 8/8 Bandar Puteri 47100 Puchong Selangor	2 ½ storey terrace house	1,650 sq meter	Freehold	12	850	31 Aug 2012

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 2012, 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 1,992,400 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 2012	No. of CNI Shares Bought Back	Price per CNI Share (RM)			Average Cost per CNI Share* (RM)	Total Cost* (RM)
		Highest	Lowest	Average		
March	100,000	0.160	0.160	0.160	0.161	16,117
June	1,792,400	0.140	0.125	0.133	0.134	239,386
September	100,000	0.120	0.120	0.120	0.121	12,088

* 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 2012, a total of 6,034,000 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 2012.

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

During the financial year ended 31 December 2012, 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.

Additional **Compliance Information**

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 2012 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 2012 and the unaudited financial results for the year ended 31 December 2012 announced by the Company on 28 February 2013.

8. Profit Guarantee

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

9. Material Contracts

Save as those described in Note 38 (b) to the Financial Statements on page 125 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 2012 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. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 21 June 2012, the Company had obtained a mandate from its shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

Additional **Compliance Information**

The details of the recurrent related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2012 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	287,853	Provision of management services to CNIE
	CNIE	Chew Boon Swee Law Yang Ket Cheong Chin Tai Gan Chooi Yang	128,250	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
	Symplesoft Sdn Bhd ("Symplesoft")		479,113	Provision of IT and e-commerce related services by Symplesoft
CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd ("EM")	Dato' Koh Peng Chor Tan Sia Swee	298,750	Provision of research, development and testing services to EM
	Q-Pack (M) Sdn Bhd ("Q-Pack")	Chew Boon Swee Gan Chooi Yang	92,792	Provision of research, development and testing services to Q-Pack
	CNIE		116,400	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
	EM		2,195	Provision of laboratory test service by EM
	Q-Pack		23	Contract manufacturing customer of Q-Pack
Citra Nusa Insancemerlang Investment Company	EM	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee	37,169	Patent fee paid by EM for licence to use and manufacture products
	Q-Pack	Law Yang Ket Gan Chooi Yang	37,169	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
	EM		54,000	Rental of premises bearing postal address No. 11C, 13A, 13B and 13C Jalan 25/64, 40400 Shah Alam, Selangor

Additional **Compliance Information**

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	170,544	Trademark fee paid by CNIE
		Tan Sia Swee		
		Chew Boon Swee		
		Cheong Chin Tai		
		Law Yang Ket		
		Gan Chooi Yang		
CNI Hong Kong Limited	Creative Network International (S) Pte Ltd ("CNIS")	Dato' Koh Peng Chor	74,553	Sales of products to CNIS
		Tan Sia Swee		
		Gan Chooi Yang		
CNI (China) Co., Ltd	EM	Dato' Koh Peng Chor	233,627	Supply of royal jelly powder and honey to EM
		Tan Sia Swee		
	CNIE	Chew Boon Swee	174,133	Supply of bee's products to CNIE
		Law Yang Ket		
	EM	Gan Chooi Yang	181,221	Purchase of goods from EM
Leader Regent Inc	EM	Dato' Koh Peng Chor	2,086,083	Contract manufacturing customer of EM
		Wong Siew Fong		
		Gan Chooi Yang		
	CNIE		2,826	Purchase of goods from CNIE
Sepang Goldcoast Sdn Bhd	CNIE	Dato' Koh Peng Chor	110,268	Purchase of goods and services from CNIE
		Gan Chooi Yang		
	CNIE		37,960	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
Fortune Venture Inc	CNIE	Dato' Koh Peng Chor	512,264	Purchase of goods from CNIE
		Gan Chooi Yang		
	EM		1,012,964	Purchase of goods from EM
	Q-Pack		221,605	Purchase of goods from Q-Pack
Golden Palm Tree Resort & Spa Sdn Bhd	Q-Pack	Gan Chooi Yang	21,843	Purchase of goods from Q-Pack
	CNIE		11,823	Purchase of goods from CNIE

Analysis of **Shareholdings**
as at 29 April 2013

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	244	2.60	5	0.05	8,345	(1)	190	(1)
100 - 1,000	3,365	35.91	266	2.84	1,816,546	0.25	158,460	0.22
1,001 – 10,000	3,658	39.04	107	1.14	11,296,045	1.58	269,280	0.04
10,001 – 100,000	1,392	14.86	15	0.16	52,701,288	7.38	681,200	0.10
100,001 – 35,693,299 (*)	308	3.29	9	0.10	258,780,365	36.25	24,628,158	3.45
35,693,300 and above (**)	1	0.01	-	-	363,526,123	50.92	-	-
Total	**8,968**	**95.71**	**402**	**4.29**	**688,128,712**	**96.39**(2)	**25,737,288**	**3.61**(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 6,134,000 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 29 April 2013.

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 (5)**	**No. of Shares Held**	**% of Issued Shares (5)**
Dato' Koh Peng Chor	2,490,240	0.35	372,483,483 (1)	52.17
Cheong Chin Tai	660,000	0.09	-	-
Koh How Loon	1,679,180	0.24	369,171,643 (2)	51.71
Tan Sia Swee	-	-	27,902,980 (3)	3.91
Law Yang Ket	4,691,898	0.66	3,000,000 (3)	0.42
Chew Boon Swee	1,128,614	0.16	-	-
Dr. Ch'ng Huck Khoon	1,000	(4)	-	-
Zulkifli bin Mohamad Razali	-	-	-	-
Lim Lean Eng	1,083,360	0.15	62,520 (3)	0.01

Notes:
(1) Deemed interested by virtue of interests held through Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and interests held through spouse and child pursuant to Section 134(12)(c) 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 of the Companies Act, 1965.
(3) Deemed interested by virtue of interests held through spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.
(4) Less than 0.01%
(5) Excluding a total of 6,134,000 CNI shares bought-back by CNI and retained as treasury shares as at 29 April 2013.

Analysis of **Shareholdings**

as at 29 April 2013

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Indirect Interests	
Name	**No. of Shares Held**	**% of Issued Shares (5)**	**No. of Shares Held**	**% of Issued Shares (5)**
Marvellous Heights Sdn Bhd	363,526,123	50.92	-	-
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123 (1)	50.92
Dato' Koh Peng Chor	2,490,240	0.35	372,483,483 (2)	52.17
Datin Chuah Tek Lan	1,167,200	0.16	373,806,523 (2)	52.36
Koh How Loon	1,679,180	0.24	369,171,643 (3)	51.71

Notes:

(1) Deemed interested by virtue of interests held through Marvellous Heights Sdn Bhd pursuant to Section 6A 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 of the Companies Act, 1965 and interests held through spouse and child pursuant to Section 134(12)(c) of the Companies Act, 1965.

(3) Deemed interested by virtue of interests held through Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(4) Excluding a total of 6,134,000 CNI shares bought-back by CNI and retained as treasury shares as at 29 April 2013.

Analysis of **Shareholdings**
as at 29 April 2013

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	50.92
2.	Wong Siew Fong	25,393,380	3.56
3.	Gan Chooi Yang	15,612,826	2.19
4.	Tan Kim Choon	13,801,314	1.93
5.	Toh Siew Kee	11,721,954	1.64
6.	Heng Hoay Liang @ Heng Hoye Ee	11,550,000	1.62
7.	Gan Ah Seng	9,745,139	1.37
8.	Ginawan Chondro	9,576,271	1.34
9.	Choong Hon Ken	8,845,010	1.24
10.	Ch'ng Oon Tian	6,234,120	0.87
11.	Stephanus Abrian Natan	6,175,555	0.87
12.	Chan Sook Cheng	6,145,405	0.86
13.	Ong Teck Seng	5,717,000	0.80
14.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd	5,260,920	0.74
15.	Chong Yee Min	5,209,600	0.73
16.	Wong Siew Keow	5,084,767	0.71
17.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Beh Hang Kong	5,051,412	0.71
18.	Lew Chin Kwee	4,939,800	0.69
19.	Law Yang Ket	4,691,898	0.66
20.	Choo Khim Keong	4,680,380	0.66
21.	MAYBANK Nominees (Asing) Sdn Bhd DBS Bank for Triton Capital Group Ltd	3,557,000	0.50
22.	Suharman Subianto	3,102,532	0.43
23.	Addeen Trading Sdn Bhd	3,016,600	0.42
24.	Yow Siew Lian	3,000,000	0.42
25.	Wong Siew Fong	2,509,600	0.35
26.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor	2,490,240	0.35
27.	Cheong Chee Kee	2,463,666	0.35
28.	Choong Yiw	2,430,000	0.34
29.	Koh Tiah Siew	2,295,857	0.32
30.	Nor Ashikin Binti Khamis	1,780,000	0.25
	Total	555,608,369	77.83

Note:
(1) Excluding a total of 6,134,000 CNI shares bought-back by CNI and retained as treasury shares as at 29 April 2013.

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting (24th AGM) of CNI Holdings Berhad (the Company) will be held at Diamond Hall, First Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 20 June 2013 at 11.00 a.m., for the purpose of transacting the following business:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. (Please refer Note 1)

2. To re-elect the following Directors who retire by rotation in accordance with Article 91 of the Company's Articles of Association and who being eligible offer themselves for re-election:
   i) Dato' Koh Peng Chor — **Ordinary Resolution 1**
   ii) Law Yang Ket — **Ordinary Resolution 2**
   iii) Dr. Ch'ng Huck Khoon — **Ordinary Resolution 3**

3. To approve the payment of Directors' fees amounting to RM364,000 for the financial year ended 31 December 2012. — **Ordinary Resolution 4**

4. To approve the increase in Directors' fees up to RM432,000 for the financial year ending 31 December 2013 and for each financial year thereafter. — **Ordinary Resolution 5**

5. To re-appoint Messrs. Baker Tilly AC (Formerly known as Moore Stephens AC) as Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 6**

AS SPECIAL BUSINESS:
To consider and, if thought fit, to pass with or without modifications, the following resolutions:

6. **AUTHORITY FOR DIRECTORS TO ISSUE 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 issue and allot 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." — **Ordinary Resolution 7**

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

   "THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specific in Section 2.1.2 (a) & (b) of the Circular to Shareholders dated 27 May 2013 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.

Notice of **Annual General Meeting**

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 ("AGM") of the Company or the expiry of the period within which the next AGM 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." **Ordinary Resolution 8**

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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

i) the aggregate number of shares which may be purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;

ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Earnings and the Share Premium Account (if any), of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 31 December 2012, the audited Retained Earnings of the Company was RM31,301,585; 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." **Ordinary Resolution 9**

BY ORDER OF THE BOARD

CHIN YOKE KWAI (MAICSA 7032000)
Company Secretary

Shah Alam
27 May 2013

Notice of **Annual General Meeting**

NOTES:

1. This Agenda item 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 and hence, is not put forward for voting.

2. A member entitled to attend and vote at the 24th AGM is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

3. 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.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or the hand of the attorney duly authorised.

6. The instrument appointing a proxy must be deposited at the Company's Registered Office, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

7. For the purpose of determining a member who shall be entitled to attend this 24th AGM, 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 Record of Depositors as at 13 June 2013. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxy to attend and vote on his/her stead.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 7, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the Company's issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This mandate is a renewal of the last mandate granted to the Directors at the 23rd AGM held on 21 June 2012 and which will lapse at the conclusion of the 24th AGM.

   As at the date of this notice, no new shares in the Company were issued pursuant to the last mandate.

   The renewal of this mandate will provide flexibility to the Company for any possible fund raising exercises, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

2. Ordinary Resolution 8, if passed, will enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations.

3. Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of 10% of the issued and paid-up share capital of the Company.

   Further information on the Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions and Proposed Renewal of Share Buy-Back Authority is included in the Circular/Statement to Shareholders dated 27 May 2013, which is despatched together with the Company's Abridged Annual Report 2012.

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 24th AGM of the Company.

Distribution Centres/ **Sales Points**/ E-Sales Points

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	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				
RC	Alor Star RC	Lot 46, Ground Flr, Kompleks Perniagaan Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid 3, 05050 Alor Setar.	04-7720918	04-7720918
DC	Kulim DC	70, Tkt 1, Lrg Semarak 3, Tmn Semarak 09000 Kulim.	04-4951564	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	No 7 Medan Niaga Koperasi Felcra Bkt Tampoi, Tmn Sri Tampoi, 06300 Kuala Nerang.	017-5608371 espkualanerang@mycni.com.my	
	Mukim Lepai	A-159 Jln Aman 4, 4/4 Taman, Aman Anak Bukit, 05150 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	
	Jitra	3B, Jln Satu, Pekan Jitra 2, 06000 Jitra.	04-9178771/012-4467368 espjitra@mycni.com.my	
	Gedong	No:5 (Tingkat Atas) Jln Seri Gedong 1, Tmn Seri Gedong 08000 Sg Petani.	04-4252125/016-7582125 espgedong@mycni.com.my	
	Kuah	39, Pekan Lama (Sebelah Mat Sirat Supermarket), Padang Mat Sirat, Kuah 07000 Langkawi.	019-5598337/019-4499507 esplangkawi@mycni.com.my	
SP	Pendang SP	No 4, Bangunan Orkid, 06700 Pendang.	019-5119897/013-4239897	
P. PINANG				
RC	Perai RC	30, Jln Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth.	04-3986050	04-3984050
	Perak Road RC Cni	175, Perak Road, 10150 Penang.	04-2271092	04-2271092
eSP	Permatang Pauh	19, Lrg Cermai 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418/012-4286418 esppermatangpauh@mycni.com.my	04-3902471
	Bayan Lepas	119, Jln Tun Dr Awang, Sg Nibong Kecil, Bukit Jambul, 11900 Bayan Lepas.	04-6449637/019-5657126 espbukitjambul@mycni.com.my	04-6449637
	Bkt Mertajam	1586 Jln Kulim, Tmn Machang Manis, Machang Bubok 14020 Bukit Mertajam.	04-5516126/012-4838353 espmachang@mycni.com.my	
	Nibong Tebal	7, Jalan Nuri 14300 Nibong Tebal, Penang.	012-4283689 espnibongtebal@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
	Tapah DC	No 13 Pusat Perniagaan Jln Bidor 35000 Tapah.	05-4018337/012-5112337/019-5788337	05-4018337
eSP	Ayer Tawar	No 1 Taman Ayer Tawar 2, Ayer Tawar 32400.	05-6721366/016-4109629 espayertawar@mycni.com.my	
	Hutan Melintang	No 7, 1st Flr, Jln Utama Pusat Perdagangan Jenderata, Hutan Melintang 36400	016-4424532 esphutanmelintang@mycni.com.my	
	Kemunting	No 24 Jln Sepat, Taman Kamunting Perdana, 34600 Kemunting.	05-8830131/019-4570559 espkemunting@mycni.com.my	
	Kuala Kangsar	No 8 Ruang Pejabat, Majlis Perbandaran Kuala Kangsar, Tingkat Atas Perhentian Bas Kuala Kangsar, Jln Bendahara 33000 Kuala Kangsar.	019-2405893 espkuala@mycni.com.my	
	Sungai Siput	No 9 Tmn Orkid, 31100 Sungai Siput (u).	012-5845360/016-5001956 espsiput@mycni.com.my	
	Batu Gajah	No 93A PSN Pinggiran Saujana Taman Pinggiran Saujana 31000 Batu Gajah.	014-3485716 espbatugajah@mycni.com.my	
	Pantai Remis	No 1A, Tkt Atas Jln Besar Taman Desa Dua 34900 Pantai Remis.	05-6775107/016-7709629 esppantai@mycni.com.my	
	Seri Iskandar	No 12A Jln PP1, Bdr Universiti Seri Iskandar 31750 Tronoh.	016-5082926 espseriiskandar@mycni.com.my	
	Meru Perdana	No 35 Tingkat Atas, Jln Meru Perdana 1, Tmn Meru Perdana, 31200 Chemor	014-9080282/016-5959649 espmeruperdana@mycni.com.my	
	Simpang	No 3, Batu 2½ Jalan Simpang, 34000 Taiping.	05-8110145/012-4599938 espsimpang@mycni.com.my	
SP	Lahat SP	3, Persiaran Pinjil Selatan 8, Desa Pelancongan, 31500 Lahat.	012-3783185	

Distribution Centres/ **Sales Points**/ E-Sales Points

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	Fax
SELANGOR				
RC	Puchong RC	IOI Boulevard F.G.18, Jalan Kenari 5, Bandar Puchong Jaya,	03-80768868	03-80768827
DC	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	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	1-12, Jln Dagang B/3A, Tmn Dagang 68000 Ampang.	03-42701897	03-42706279
	Batu Caves DC	573, Jln Samudera Utara 1 Tmn Samudera, 68100 Batu Caves.	03-61841897	03-61842897
	Semenyih DC	92A, Jln 1/2 Seksyen 1, Bdr Teknologi Kajang, Off Jln Semenyih, 43500 Semenyih.	03-87233897	03-87234897
	Petaling Jaya D	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	03-33237581/016-2089897/016-2159897 espbayuperdana@mycni.com.my	
	Bandar Baru Bangi	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	No-41-1, Jln PDR 6, Kaw Perusahaan Desa Ria, 43300 Balakong.	03-89618673/019-2334303 espbalakong@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 8 Jalan Mahagong 1A/5 Tamu Hill Park 44300 Batang Kali.	012-2811324/012-3043401 espbatangkali@mycni.com.my	
	Dengkil	No 21A Jalan Deluxe, Pusat Perdagangan Deluxe, 43800 Dengkil.	017-2462316 espdengkil@mycni.com.my	
	Labuhan Dagang	Lorong Satu, Hadapan Dewan Wanita, Kampung Labuhan Dagang 42700.	012-3676284/012-3598978 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	
	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 / 017-8709653 espkajang@mycni.com.my	
	Kg. Melayu Subang	Lot 3674-Z, Kg Melayu Subang, 40000 Shah Alam.	03-78463407/019-2298942 espkampungsubang@mycni.com.my	03-78463407
	Meru	No 38, Jln Meranti Putih 4, Tmn Meru Permai 2, 41050 Meru, Klang	012-2013490 espmeru@mycni.com.my	
	Rinching	No 16 Jln 5/30, Seksyen 5 Bdr Rinching, 3500 Semenyih.	012-9324975 esprinching@mycni.com.my	
	Bdr Country Homes	37A Jln Desa 1/1, 48000 Bdr Country Homes	03-60870127/012-6773123 esprawang@mycni.com.my	
	Bkt Beruntung	M-G-09 (Apt Dahlia) Tmn Bunga Raya Bkt Beruntung 48300 Rawang	010-4314457 espbktberuntung@mycni.com.my	
SP	Teluk Panglima Garang SP	Lot 2323, Lrg Aman Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021/016-3552162	03-33931686
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
eSP	Bdr Baru Sentul	43-1-2, Jln 1/48A, Sentul Perdana, Bandar Baru Sentul 51000 KL.	013-3489070 espsentul2@mycni.com.my	
	OUG	57A Jalan Hujan Emas 8, Overseas Union Garden, 58200 Kuala Lumpur.	03-79715128/012-2818478 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.	013-5113616/012-6524103 espsanpeng@mycni.com.my	
SP	Datok Keramat SP	2, Lrg Keramat Dalam 2, Dato Keramat 54200.	03-42561469/013-3488720	
	Taman Seri Rampai SP	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	PT4768, Jalan TS1/19, Taman Semarak 71800 Nilai	06-7940823	06-7940823
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	
	Mantin	221 Lorong 3, Taman Andalas, 71700 Mantin	06-7582442/016-579 8979 espmantin@mycni.com.my	
	Senawang Jaya	No 337, Jln Berlian, Tmn Senawang Jaya, 70450 Senawang	013-3030276/06-6778018 espsenawangjaya@mycni.com.my	
MELAKA				
DC	Batu Berendam DC	11, Jln BBP 1 Tmn Berendam Putra 75350 Batu Berendam.	06-3369349	06-3369349
	Kota Laksamana DC	57-A, Jln Kota Laksamana 1/2, Tmn Kota Laksamana, 75200 Kota Laksamana.	06-2837617	06-2827723

Distribution Centres/ **Sales Points**/ E-Sales Points

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	Fax
MELAKA				
eSP	Bukit Katil	2M, Jln Puyuh 4, Taman Tun Rahaa, 75450 Bukit Katil.	016-6321674/017-6055040 espbktkatil@mycni.com.my	
	Tiang Dua	No 3 Gerai MBMB, Pekan Tiang Dua 75460	011-15284098 espmerlimau@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	
JOHOR				
DC	Taman Bukit Indah DC	72, Jln Indah Satu, Tmn Bukit Indah, 81200 Johor Bahru.	07-2325217	07-2325217
	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.	07-2518634/011-19161170	
	Pontian	No 1219 Kuarters Hospital Pontian, 82000 Pontian.	019-723 9897 esppontian@mycni.com.my	
	Masai	19, Jln Bayan 31/1, Tmn Megah Ria, Masai, 81750 Johor Bahru.	07-3879468/013-7039468 espmasai@mycni.com.my	
	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.	07-4328226/017-8870885 espbatupahat@mycni.com.my	
	Segamat	45, Jln Intan 2, Tmn Intan Bukit Siput, 85020 Segamat	019-6556563 espsegamat@mycni.com.my	
	Bakri	No 7 Arked BN PGA, 84200 Bakri, Muar.	019-6350919 espbakri2@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	07-8832051
	Tangkak SP	23 Kampunng Baru Satu, 84900 Tangkak.	06-97820258/012-2317321	
	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	
	Tanah Merah	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.	09-7643978/019-9340833 espkualakrai@mycni.com.my	
	Kota Bharu	Lot 923-B Jln Hospital Kg Pauh Panji, 15200 Kota Bharu	013-9213293 esppanji@mycni.com.my	
	Pasir Mas 2	PT 1075 Jln Perisai Wira 8, Tmn Perisai Wira, 18000 Kuala Krai. Kelantan.	09-7941016 / 019-7548539 espchetok@mycni.com.my	
	Rantau Panjang	Lot No 2&3 Kedai Fama Chabang 4 Salam,Tepi Lebuhraya Rantau Panjang 17200 Rantau Panjang.	013-9727129/0111-8174929 esprantaupanjang@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	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	
SP	Kerteh SP	759-5, Kg Baru 24300 Kerteh Kemaman.	017-9702384/019-3375967	
PAHANG				
DC	Temerloh DC	407 Lorong 23, Tmn Sri Semantan 3A, 28000 Temerloh.	09-2774753/013-9864684	09-2774753
	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.	010-9165244/014-3201344 espbentong@mycni.com.my	
	Jengka	No E-40, SP CNI, Jln Besar Matau, Depan Giat Mara, 26400 Bdr Jengka.	09-4661379/013-6020451 espjengka@mycni.com.my	
	Kuantan	B-1882 Lrg Sekilau 32, Tmn Pacific, 25200 Kuantan.	09-5133105/019-9839963 espkuantan@mycni.com.my	
	Lepar Hilir 2	No 213, Felda Lepar Hilir 2, 26300 Gambang, Kuantan.	019-980 2369 espleparhilir02@mycni.com.my	
	Lepar Hilir 1	No 1 G/JKKR Tapak Pekan Sehari Felda Lepar Hilir 0126300 Gambang.	013-988 1791 espleparhilir01@mycni.com.my	
	Rompin	No 32 Jln utama Bdr Baru Rompin 26800 Rompin	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.	013-9056396 espChini2@mycni.com.my	
	Cameron Highlands	S6 Tringkap Tanah Rata 39100 Cameron Highlands.	012-4522278 espcameron@mycni.com.my	
	Kuala Rompin	No 28 lot 5 Kg Kasing Endau, 26820 Kuala Rompin.	013-7880221 espkgkasing@mycni.com.my	

Distribution Centres/ **Sales Points**/ E-Sales Points

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	Fax
PAHANG				
SP	Kuala Lipis SP	101A, Medan Niaga Bgn MARA, Jln Stesen, 27200 Kuala Lipis.	09-3122176/019-9661966	
SARAWAK				
RC	Petra Jaya RC	Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching.	082-428714	082-428714
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 082-345280
	Sibu DC	No 1, 1st & 2nd Flr, Pusat Tanahwang, Jln Pedada, 96000 Sibu.	084-321284	084-321305
	Miri DC Cni	Lot 586, 1st Floor, Pelita Commercial Centre, Miri-Pujut Road, 98000 Miri.	085-410117	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.	083-327313/019-8195313	083-327313
	Jln Parry, Miri DC	6A, 1st Flr, Jln Parry, 98000 Miri.	085-437578/012-8041200	085-437578
eSP	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	L5866 PH27 Block D, P2-DG-01 Jln Dtk Mohd Musa Vista Ilmu 94300 Kuching.	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.	084-332216/012-8572342	
	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.	083-438292/013-5717569	
	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.	087-333715/013-8658865	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.	089-854178/019-843 3229	089 - 852324
	Tawau DC	TB999, Jalan Utara, 91000 Tawau.	089-768154/014-8617839	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	Menggatal	C7-18, Lrg 23, Tmn indah Permai Sepangar, Menggatal 88450 Kota Kinabalu.	088-498639/016-8125888 esptuaran@mycni.com.my	
	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	
	Ranau	Kampung Bongkud Peti Surat 411,89308 Ranau	019-3785477 espranau@mycni.com.my	
	Papar	Lot 2, 1st Floor Comercial Centre, 89600 Papar.	016-8405527 esppapar@mycni.com.my	
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, Bangunan Begawan Pehin Hj Md. Yusof Kampung Kiulap BE1518 Negara Brunei Darussalam.	00673-2-37293 e-mail: fce212@brunet.bn	00673-2-237294
SP	Pasarneka Seria SP	Pasarneka Seria Brunei	00673-8199897	
SINGAPORE				
	Singapore Branch Creative Network International (S) Pte. Ltd.	5 Harper Road #07-01 Singapore 369673 http://www.cni.com.sg e-mail: info@cni.com.sg	02-6332 0275	02-6285 8951
SP	Ang Mo Kio Avenue	Blk 202, Ang Mo Kio Ave 3, #01-1668, Singapore 560202	(02) 9237 0642	
	Ang Mo Kio Avenue	Blk 409, Ang Mo Kio Ave 10, #01-54, Singapore 560409	(02) 9189 3467	
	Boon Keng	Blk 29, Bendemeer Road # 01-93 , Singapore 330029	(02) 9652 0646	
	Serangoon North Avenue	Blk 152A, Serangoon North Avenue 1, #01-360, Singapore 551152	(02) 9128 3977	
	Bedok North Street	Blk 122, Bedok North Street 2, #01-126, Singapore 460122	(02) 9675 3849	
	Commonwealth	Blk 48A Tanglin Halt Market, #01-32 Singapore.	(02) 9452 8640	
	Admiralty	Blk 749 Woodlands Circle, #08-598, Singapore 730749	(02) 9853 5707	

Administrative Notes on 24th **Annual General Meeting**

Date : Thursday, 20 June 2013
Time : 11.00 a.m.
Venue : Diamond Hall, 1st Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam

1. Parking

Parking is free and you are advised to park your vehicle at the designated parking areas at Wisma CNI, kindly look at the signage directing you to those areas.

2. Registration

- Registration will start at 9.00 a.m. at the Lobby of Wisma CNI and will close at 11.00 a.m. sharp.
- Please red the signage to ascertain where you should register yourself for the meeting and join the queue accordingly.
- Please produce your original Identity Card ("IC") to the registration staff for verification.
- After the verification, you are required to write your name and sign on the Attendance List placed on the Registration table.
- You will also be given an identification tag. No person will be allowed to enter the meeting without the identification tag. There will be no replacement in the event that you lose or misplace the identification tag.
- No person will be allowed to register on behalf of another person even with the original IC of that other person.
- The registration counters will handle only verification of identity and registration. If you have any enquiry, please proceed to the Help Desk.

3. Door Gift

Each attendee shall be entitled to one (1) door gift only irrespective of whether he/she attends as member and proxy or proxy for multiple members.

4. Food and Beverages

Light refreshment will be served before the commencement of the meeting, at the foyer of the Diamond Hall on the 1st Floor of Wisma CNI. Lunch will be available at the Lobby of Wisma CNI after the conclusion of the meeting.

5. General Meeting Record of Depositors

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 Record of Depositors as at 13 June 2013. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxy to attend and vote on his/her behalf.

Administrative Notes on 24th **Annual General Meeting**

6. Proxy

- A member entitled to attend and vote is entitled to appoint proxy/proxies, to attend and vote instead of him or her. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy in accordance with the notes and instructions printed therein.

- If you wish to attend the meeting yourself, please do not submit any Proxy Form for the meeting. You will not be allowed to attend the meeting together with a proxy appointed by you.

- If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.

- If you wish to submit your Proxy Form by fax, please fax to the Company's Registered Office at Fax No. 03-5568 3308. Please also ensure that the original Proxy Form is deposited at the Company's Registered Office not less than 48 hours before the time appointed for holding the meeting.

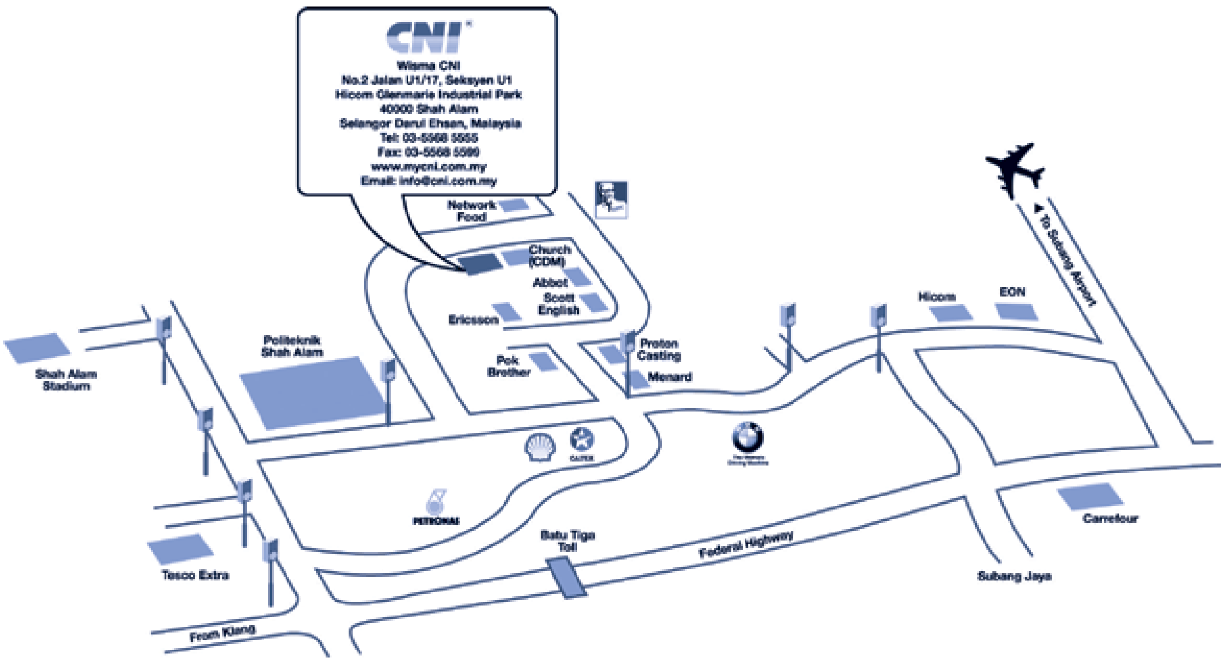
7. Enquiry

If you have any enquiry prior to the meeting, please contact the following persons during office hours or e-mail us at " cnisec@cni.my:

- CNI Holdings Berhad
  Tel. No. : 03-5569 4000 ext 2345
  Fax No. : 03-5569 3308
  Contact person : Ms. Chin Yoke Kwai

- Symphony Share Registrars Sdn Bhd
  Tel. No. : 03-7841 8000 ext 7016
  Fax No. : 03-7841 8151 / 8152
  Contact person : Puan Kamariah Razak

A location map of CNI is printed below:



CNI HOLDINGS BERHAD 181758-A

No. of Shares Held

Form of **Proxy**

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-Fourth Annual General Meeting (24th AGM) 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, 20 June 2013 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:

AS ORDINARY BUSINESS		**FOR**	**AGAINST**
Ordinary Resolution 1	Re-election of Dato' Koh Peng Chor as Director		
Ordinary Resolution 2	Re-election of Law Yang Ket as Director		
Ordinary Resolution 3	Re-election of D. Ch'ng Huck Khoon as Director		
Ordinary Resolution 4	Approval of the payment of Directors' fees		
Ordinary Resolution 5	Approval of the increase in Directors' fees		
Ordinary Resolution 6	Re-appointment of Messrs Baker Tilly AC (Formerly known as Moore Stephens AC) as Auditors and to authorise the Directors to fix their remuneration		
AS SPECIAL BUSINESS			
Ordinary Resolution 7	Authority for Directors to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 8	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 9	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with a "X" in the boxes provided below how you wish your vote to be cast. If you do not do so, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting)

Dated this .... day of 2013

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

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

* Delete whichever is/are not applicable

Notes:

1. *A member entitled to attend and vote at the 24th AGM is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
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. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.*
4. *The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or the hand of the attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.*
6. *For the purpose of determining a member who shall entitled to attend this 24th AGM, 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 Record of Depositors as at 13 June 2013. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxy to attend and vote on his/her 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, Malaysia.
Tel: 03-5569 4000 Fax: 03-5569 1078 Email: info@cniholdings.com.my Website: www.cniholdings.com.my