MOVING FORWARD ACROSS BORDERS

ANNUAL REPORT 2013

CNI HOLDINGS BERHAD 181758-A

MOVING FORWARD ACROSS BORDERS

Pioneering a new market is our initiative to provide a new business platform for our aspiring entrepreneurs to expand their potential. It is a calculated, brave move that is challenging to us as much as it is promising to help us generate new sales revenue from an untapped market. Moving forward to capture the ASEAN market, our 25 years' experience in the industry, our dedicated workforce, and our aspiring entrepreneurs are our solid strength. With our plan in perpective, and faith in our human capital capabilities, exploring a new market becomes a natural progression of growth.

CONTENTS

VISION & MISSION

VISION

We are a dynamic organization continuously striving to enrich the lives of our stakeholders through mutual experience and support.

We believe in achieving our vision by upholding these values - Teamwork & Partnership, Entrepreneurial Spirit, Recognition, Innovative Opportunities and Brands.

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 stakeholders.

FINANCIAL HIGHLIGHTS

Year Ended 31 December

	2013	2012 (Restated)	2011 (Restated)	2010	2009
Performance (RM'000)					
Revenue	111,980	115,819	126,582	134,441	158,512
Profit Before Taxation	(208)	1,448	2,942	3,480	10,150
Attributable profit	(651)	1,155	1,992	2,285	6,485
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Equity	101,306	104,397	105,861	105,726	107,954
Total Assets	125,553	131,697	135,890	134,700	141,013
Borrowings	38	73	105	117	299
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	(0.09)	0.16	0.28	0.32	0.90
Net Dividend Per Share (sen)	0.30	0.30	0.30	0.61	1.35
Net Assets Per Share ("APS") (sen)	14.07	14.50	14.70	14.80	15.07
Gearing Ratio (%)	0.04%	0.07%	0.10%	0.11%	0.3%

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 subsidiaries namely Exclusive Mark (M) Sdn Bhd ("EM"), Q-Pack (M) Sdn Bhd ("QP") and Top One Biotech Co., Ltd. ("TOB").

EM, QP and TOB have been accredited with Good Manufacturing Practice (GMP) standards, ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007, ISO 22000:2005 and HACC P 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.

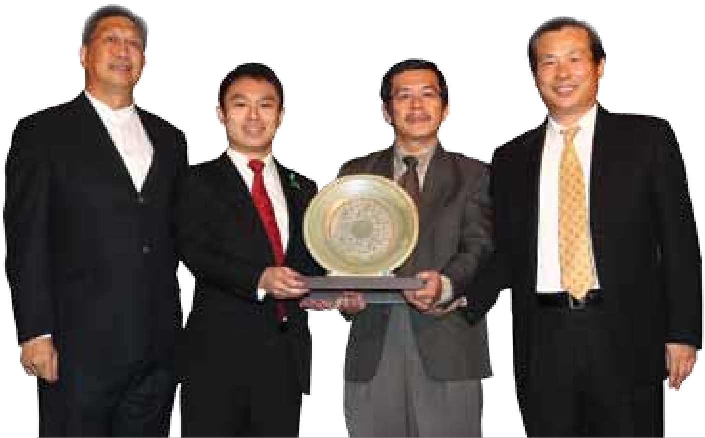
Believing in its mission of being more than just a business, CNI with its Asian values blends the best of the East and the West to constantly deliver the highest value to help enrich the lives of our stakeholders.

Moving forward to the next 25 years, CNI continues to honour mutual respect and support by upholding Teamwork & Partnership, Entrepreneurial Spirit, Recognition, Innovative Opportunities and Brands towards a better life for all.

AWARDS & RECOGNITION

HACCP & ISO 22000:2005

CNI's manufacturing arm in Taiwan, Top One Biotech Co. Ltd., has been accredited with the HACCP and ISO 22000:2005 certifications on food safety management system by SGS on 18 June 2013.



ORIENTAL DIRECT SELLING AWARD

CNI was chosen as the recipient of this special award at the Direct Selling Industry Conference 2013 held in Kuala Lumpur in honour of its contribution to the local direct selling industry.

DSAM RECOGNITION

A special recognition was conferred by the Direct Selling Association of Malaysia (DSAM) to signify CNI's 20th year of membership and its commitment to comply to the guidelines and code of ethics set by DSAM and the World Federation of Direct Selling Association (WFDSA).

CORPORATE EVENTS

MENEP BIOTECHONOLGY BREAKTHROUGH

A new breakthrough in biotechnological procedure called the "Metabolic Enzyme Nutrient Exchange Process" (MENEP) is employed in the production of Well3 Life Enzyme to effectively enhance the enzymatic activity as well as the overall nutritional quality of this product. The scientific pursuit was headed by Dr. Chau Chi Fai, Honorary Professor from National Chung Hsing University, Taiwan.

CAFÉ 99 LAUNCHED HAZELNUT IPOH WHITE COFFEE & TEH TARIK

Two new beverage flavours from Café 99, the Hazelnut Ipoh White Coffee and Teh Tarik, were launched at AEON Tebrau City, Johor on 26 January 2013. Brand Ambassador, Dato' Lee Chong Wei, had made a special appearance to deliver a season's greetings in conjunction with the Chinese New Year celebration.

DSAM ENTREPRENEUR AWARD

Three Million Diamond Agency Managers, namely MDAM Louise Cheng, MDAM Tony Yew, and MDAM Rami Jack, had each received the prestigious "Outstanding Entrepreneur Award" from the Direct Selling Association of Malaysia (DSAM).

MDRT U.S.A & LET'S CRUISE

25 top leaders had won the highly acclaimed MDRT trip in October 2013 that took them on a 10-day, all-inclusive trip to California and San Francisco, U.S.A. Earlier in April 2013, 104 distributors from Malaysia and Brunei won a trip to Penang and on board the Starcruise Libra.

ROAD TO CHAMPION

A recognition tour around the Peninsula was specially held to highlight and celebrate distributors who were qualifiers for rank promotion and trip incentives. The tour was led by the Directors and supported by local leaders.

HEALTH SCREENING SESSIONS

Almost 200 health screening sessions were provided free for all Malaysians nationwide through the Caring Community Project that was held all through 2013.

CORPORATE MILESTONES

2013
Accepted the "Oriental Direct Selling Award".

2012
Awarded the Global Code of Ethics for GOLD Category by WFDSA and DSAM.

2014
Oriental Direct Selling Annual Regional Strategic Classic Award 2014.

2013
Dato' Koh Peng Chor received the "Direct Selling Honourable Figure Award" in Taiwan.

2011
Granted the Ethical Business Excellence Award 2010/2011 by the Ministry of Domestic Trade, Co-operatives, and Consumerism.

2011
Received the Best Enterprise Brand Award.

2010
Selected as one of 20 finalists for the Corporate Social Responsibility Award organised by StarBiz-ICR Malaysia 2009.

2011
Accepted the 2011 International Standard Quality Award that was recognised by the Ministry of Domestic Trade, Co-operatives, and Consumerism.

2010
Memorandum of Understanding sealed with BiotecCorp and Universiti Putra Malaysia (UPM) to develop and produce environmental-friendly health foods and pharmaceuticals via CO_2 technology.

CORPORATE MILESTONES

2008
Elected as TEKUN's new strategic business partner and awarded TEKUN Nasional's Best Strategic Partner 2009.

2007
Special Recognition Certificate from the Ministry of Entrepreneur and Cooperative Developmen for efforts in providing career opportunity and cultivating many successful Bumiputera entrepreneur.

2009
"Consumer-Friendly Award" conferred by the Ministry of Domestic Trade, Co-operatives, and Consumerism.

2008
Dato' Koh Peng Chor accepted the"Excellent Award" from the Federation of Hokkien Associations of Malaysia.

2007
Dato' Koh Peng Chor nominated as the best Malaysian entrepreneur for the prestigious Earnst & Young Entrepreneur Award.

2006
Tongkat Ali Ginseng Coffee, an innovative formulation, received extraordinary market response and commendable praise from Prime Minister, Y.A.B. Dato' Sri Mohd Najib Tun Razak.

2007
Online shopping website, www.cni.my, was launched.

2007
Granted the Certificate of Appreciation by the Ministry of Culture, Arts and Heritage for contributing efforts in popularising the lion dance art.

CORPORATE MILESTONES

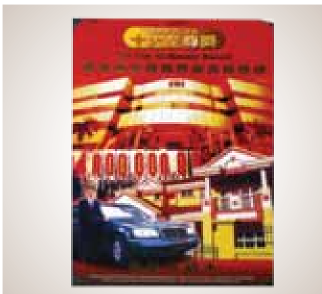
2005
Listed on the Main Board, Bursa Malaysia Securities Berhad.

2005
Dr. Koh Peng Chor, CNI Founder, was conferred the title of Dato' (D.I.M.P.) in conjunction with the 75th birthday of D.Y.M.M. Sultan Haji Ahmad Shah.

2005
School of Economics of Peking University in China chose CNI as its corporate case study and its findings were published in a book titled "Oriental Direct Selling".

2004, 2005
Won "Super Excellence Award of Direct Sales" award in 2004 and 2005.

1998
"Best of the Show" award for CNI Café conferred by Coffee & Cuisine magazine at Seattle Coffee Expo, United States of America.

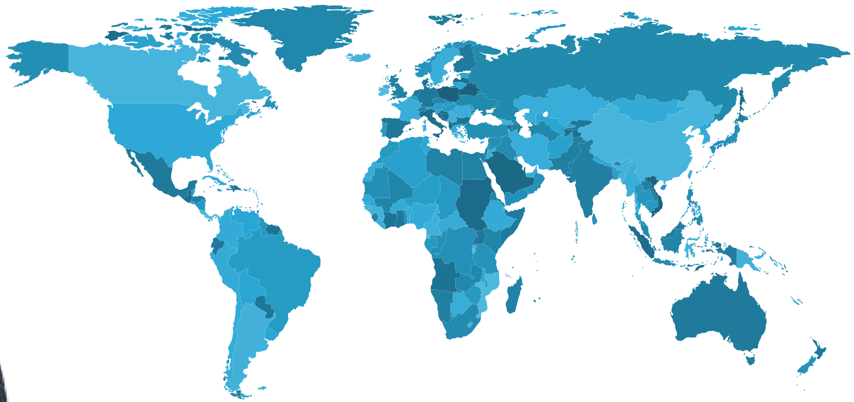


1996
Shifted to Wisma CNI and officiated by the International Trade and Industry Minister.

2003
HACCP and ISO 9001:2000 international accreditation accepted by GMP factories, EM and Q-Pack, from Sci-Qual, Australia.

1996, 1997, 1998
Won the "Master of MLM" award for 3 consecutive years.

CHAIRMAN'S STATEMENT



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 2013.

Dato' Koh Peng Chor
Chairman

CHAIRMAN’S STATEMENT

AWARDS AND RECOGNITION

During the financial year ended 31 December 2013, CNI Enterprise (M) Sdn Bhd (“CNIE”), the Group’s marketing and trading segment, had been honoured with a special award from the Direct Selling Association of Malaysia (“DSAM”) to signify CNIE’s 20th year of membership as well as to recognise its commitment in complying with the guidelines and code of ethics set by DSAM and the World Federation of Direct Selling Association (WFDSA).

In addition, CNIE also received the Oriental Direct Selling Award at the Direct Selling Industry Conference 2013 in honour of its contribution to the local direct selling industry.

On the manufacturing segment, Top One Biotech Co., Ltd has obtained the HACCP and ISO 22000: 2005 accreditations for food safety management system on 18 June 2013.

Another manufacturing arm, Exclusive Mark (M) Sdn Bhd, has also received a certificate of accreditation (MS ISO/IEC 17025) in the fields of testing chemical and microbiology on 27 January 2014. This certification signifies technical competence for a defined scope and the operation of a laboratory quality management system.

CORPORATE DEVELOPMENTS

As part of the efforts to promote continuous growth of CNI’s business, we have acquired 3,500,000 new ordinary shares at RM1.00 each of CNI Corporation Sdn Bhd (“CNI Corp”), which represents 30% of the total enlarged issued and paid-up share capital of CNI Corp for a total cash consideration of RM3,500,000. It is our continuing efforts to seek the opportunities that would enhance our competitiveness and broaden our capabilities in moving forward across borders into the overseas markets to widen our revenue growth potential.

FINANCIAL PERFORMANCE

Amidst a competitive and challenging operating environment, the Group recorded revenue of RM112.0 million in 2013 compared to RM115.8 million in 2012. However, the Group sustained loss before tax of RM0.2 million in 2013 compared to profit before tax of RM1.4 million in 2012. The declining revenue and profit before tax in 2013 was mainly due to the decrease in sales and operating profit from the marketing and trading segment which remains as our anchor operating segment. In addition, the impairment loss on other investment had caused a decline in the Group’s performance for the financial year ended 31 December 2013.

DIVIDEND

The Board remains committed to the Company’s dividend policy of paying at least 50% of the Group’s profit after taxation as dividend. The Board had declared an interim single-tier dividend of 0.3 sen per share which had been paid out on 17 April 2014. The dividend declared for the financial year ended 31 December 2013 was RM2.1 million.

The Group is in a healthy financial position with its equity standing at RM101.3 million and a cash and cash equivalents of RM33.7 million. This provides the Group with the capacity and flexibility to continue to reward the shareholders.

OPERATIONAL REVIEW

Marketing & Trading

The marketing and trading segment remains as the major performer of the Group. Nonetheless, the marketing and trading segment was affected by distributors’ cautious spending pattern, intense competition within the MLM industry, and price cutting by retailers, causing a setback in its

CHAIRMAN’S STATEMENT

performance. As a result, it attained a drop in revenue and operating profit of RM3.3 million and RM3.5 million respectively.

Throughout the year, resources and efforts had been invested to tap on the new business model to create new opportunities for our members’ business growth in the global market. Focus had also been placed on securing new membership to develop a new network base where plans have been initiated to reach out to the global market.

We are also actively securing new markets, such as Thailand, in order to gain higher revenue and profit growth objectives.

Multiple training, which incorporate leadership development programmes and direct selling skills training, have also been initiated to nurture a new generation of learned sales leaders. Additionally, refresher courses emphasising on the importance of strict compliance with the direct selling code of ethics are being conducted on a regular basis.

Incentive Trip Campaign has been the most popular incentive programme for the year. Incentive trip campaign has been proven to be an effective sales and member retention measure for the marketing and trading segment. Active participation by the members was evident as more than 100 distributors had achieved their sales target and were entitled to join the local incentive trip while 25 other higher achievers were rewarded with a trip to the United States of America.

Simultaneously, the Health Awareness Campaign launched last year has promoted greater health awareness in the local community through the advocacy of a healthy lifestyle and consumption of appropriate food supplements, namely the Well3 series. This campaign incorporated the Caring Community Project (also known as the PKP in the Malay market) that provided over 200 health screening sessions free for all Malaysians nationwide.

CNI has always been placing great emphasis in its product development objectives, and as a result, a total of 23 new and upgraded Stock Keeping Units (“SKUs”) were launched and marketed during the financial year under review. These included the Up 8’tive beverage series, Well3 Prune Berries, Well3 IgMax and Well3 Organik which recorded encouraging sales.

Manufacturing

The revenue of the manufacturing segment had increased by approximately 14% to RM43.0 million as compared to RM37.9 million in 2012. The increase in revenue was primarily due to higher demand from the marketing and trading segment and higher export. The manufacturing segment has played a vital role in ensuring prompt supply of goods for the sustainability of the marketing and trading business.

Nevertheless, this segment had also contributed nominal operating loss of RM1.4 million to the Group’s business, mainly due to the increase in operating costs which included higher costs for raw material and human capital.

The manufacturing business has continued to demonstrate its resilience in terms of sales performance where resources are being mobilised to further promote its established in-house brand, which is supported by the employment of strategic pricing and quality assurance on products.

The Group’s manufacturing segment in Taiwan, Top One Biotech Co., Ltd, on the other hand, has successfully developed and obtained patents from Germany and Taiwan for its breakthrough biotechnological procedure called the Metabolic Enzyme Nutrient Exchange Process (MENEP). This procedure is being administered in the production of Well3 Life Enzyme in Taiwan to effectively enhance the product’s enzymatic activity as well as its overall nutritional quality.

CHAIRMAN'S STATEMENT

Retail - Food & Beverage

The recognition of a one-off gain arising from the repurchase of properties has contributed to the encouraging performance of the segment for the financial year ended 31 December 2013. Nonetheless, our retail segment which was affected by the closure of food and beverage outlets had experienced a setback in its performance, resulting in a drop in revenue of RM0.6 million.

PROSPECTS

Despite uncertainties in the global economy and given the challenging external environment, domestic demand is expected to remain as one of the key drivers of economic growth in 2014. The Government has indicated that GDP is expected to grow between 5% to 5.5% in 2014. Inflation has been guided to fall between 2% and 3%, which is a stable rate for a developing country, such as Malaysia.

The weakening of RM against US Dollar is a concern which may affect the Group's profit margin adversely, in addition to the current challenging business environment and escalating operating costs.

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

As CNI is celebrating its 25th anniversary in 2014, we are determined to achieve more in the next 25 years. Transformation, innovation and entrepreneurial spirit are key factors that we believe will help us to stay relevant and to continue growing.

APPRECIATION

On behalf of the Company, I would like to record our appreciation to our members whose dedication, leadership and entrepreneurial spirit were instrumental in the achievements we have accomplished in 2013.

Next, I would like to take this opportunity to acknowledge the diligence and unwavering support of our Management and staff. My deepest gratitude also goes to our shareholders and business partners for their faith in the Board and the Management.

Overall, we will continue to strengthen our unique position in the marketing and trading segment and continue to develop highly effective, dynamic and professional members. New products and promotions shall be the key stimulus for growth.

Through the Group's investment in CNI Corp, we are expanding our international distribution network to Nigeria and Vietnam. CNI Corp is expected to generate the potential for maximum manufacturing capacity for the Group with the increase in product demand from overseas market where CNI Corp is currently operating, including the potential for higher export volume to China.

Finally, I would like to thank my fellow Board members for their commitment, engagement and wise counsel. I am confident that the absolute commitment and solid partnership of our members will serve CNI advantageously in overcoming the challenges of 2014.

Dato' Koh Peng Chor
Chairman

GROUP STRUCTURE

CNI Holdings Berhad 181758-A

- **100%** CNI Enterprise (M) Sdn Bhd 161139-M
  - **100%** CNI Global (Malaysia) Sdn Bhd 722825-A
  - **100%** Creative Network International (S) Pte Ltd 199203774N
  - **49%** Creative Network International (Thailand) Co., Ltd 105554089738
- **100%** Exclusive Mark (M) Sdn Bhd 212268-T
  - **100%** Bright Way Avenue Sdn Bhd 803242-D
  - **70%** Top One-Biotech Co., Ltd 53602380
- **100%** Q-Pack (M) Sdn Bhd 254283-U
- **100%** Symplesoft Sdn Bhd 730506-P
  - **100%** Symplesoft eSolutions Sdn Bhd 857138-D
  - **60%** Sierra Edge Sdn Bhd 945611-A
- **100%** Infuso Sdn Bhd 762344-T
  - **49%** Tunas Citarasa Sdn Bhd 977146-U
- **70%** Lotus Supplies Sdn Bhd 836221-W
- **30%** Agriscience Biotech (Malaysia) Sdn Bhd 910614-V
- **30%** CNI Corporation Sdn Bhd 147068-K

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
Non-Executive Director
(Re-designated w.e.f. 1 July 2013)

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
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
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

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 62, 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 52, 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 36, was appointed to the Board of CNI on 1 February 2012. He also serves as a member of the Executive Management Committee, Risk Management Committee, Investor Relations Committee and Investment 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 54, 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.

CHEW BOON SWEE
Executive Director

Chew Boon Swee, a Malaysian, aged 54, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Remuneration Committee, Executive Management 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 1991. His current responsibilities include overall management for both manufacturing and operations.

LAW YANG KET
Non-Executive Director

Law Yang Ket, a Malaysian, aged 54, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Investment Committee. He was re-designed as a Non-Executive Director on 1 July 2013.

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.

PROFILE OF DIRECTORS

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

Dr. Ch'ng Huck Khoon, a Malaysian, aged 45, 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 54, 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. and PNL Travel Sdn. Bhd.

LIM LEAN ENG
Independent Non-Executive Director

Lim Lean Eng, a Malaysian, aged 47. He was appointed to the Board of CNI on 16 November 2007. He also serves as a member of Audit Committee, Remuneration Committee and Nomination Committee.

He graduated with a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur in 1991. He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. 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 26.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

25 years of hands-on experience in community service, charitable activities and cultural projects has groomed CNI into a respectable figure in CSR practice.

Since its establishment in 1989, CSR exercise in CNI has evolved and is streamlined into a few main divisions, namely Yayasan CNI for the general community, CNI Sports & Recreational Club for the staff, and environmental, health and safety (EHS) standards as well as Halal compliance for its manufacturing operations. Their significant impact has formed an integral part of the Group's efforts towards continuous growth.

YAYASAN CNI

Established in 1998, Yayasan CNI is the charity arm of the group. It aims to reach out and ad those who are in need regardless of race, colour, or religion.

As it enters its 15 years' of formation this year, Yayasan CNI is keeping momentum in aiding, organising or supporting charitable causes, in addition to diversifying its contributions for cultural a nd arts development, education and self-help initiatives, nature conservation activities, as well as health care and social awareness campaigns, both locally and internationally.

Yayasan CNI reviews its focus once in every five years. Therefore, as the Group's charitable arm celebrates its 15th anniversary, it has also set its focus on social service and awareness efforts for the next 5 years. These are classified into five major categories, namely

1. **Community Service**
   It incorporates paying a visit to poor, stricken patients in hospitals, and donating to impoverished families.

2. **Single Family Caring Programme**
   To organise career opportunity programmes and sponsor single parents to attend such programmes to encourage self-development and industry among single parents.

3. **Arts & Cultural Exchange**
   Supporting arts and cultural exchange initiatives to encourage youth development and social harmony.

4. **National Health Care Awareness**
   To organise health seminars, and to conduct free health check and provide consultation in health carnivals nationwide.

5. **National & International Disaster Relief**
   Providing contributions in cash or kind to victims of disasters.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY MILESTONES

Community Service

2013
3000 free health screening sessions were conducted at different parts of Malaysia.

2013
Plan A Tree, Plant A Hope - Batik Sarong Charity Fun Run, an environmental awareness drive cum creative fundraising activity.

Single Family Caring Programme

2008
Launched Single Family Caring Programme in conjunction with Yayasan CNI's 10th Anniversary.

2012, 2009
Sponsored single mothers to attend Single Mothers Career Development Seminar organised in Tawau and Wisma CNI.

Arts & Cultural Exchange

2012
Organised ZheJiang Chinese Orchestra Concert.

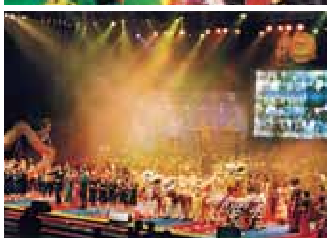
2003
Organized "Konsert Harmoni Keranamu Malaysia" and co-Organized Yellow River Choir Concert with Nanyang Siang Pao.

2009
Organised Charity Concert with Singapore DunMan High School.

2002
Organised Lion & Dragon Dance World Championship.

2004
Organised The Legend of Liu San Jie Musical Drama to commemorate the 30th anniversary of China-Malaysia diplomaticties.

1999
Organized "Pentas Amal Cintai Malaysia" in conjunction with CNI's 10th Anniversary.



STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

National Health Care Awareness

2004
Organised an Appreciation Ceremony for SARS' medical officers.

2002
Donated Life Enzyme to 20 SLE patients.

2002
Organised Blood Donation drive that achieved the Malaysia Book of Records for the Most Women Donors.

1997
Donated 200,000 sachets or Organik Vegetable Powder to Fire And Rescue Department of Malaysia.

National & International Disaster Relief

2013
Aid for flood victims in East Coast of Malaysia.

2012
Aid for flood victims in Thailand.

2010
Aid for 35,000 flood victims in Kedah and Perlis.

2007
Donated 50 bicycles to orphanages.

2005
Donated RM500,000.00 to tsunami victims in India, Indonesia and Malaysia.

2003
Donated RM50,000 to Iraqi refugees.

2002
Donated 20 tonnes of rice and products to National Flood Fund.

2001
Donated 40 tonnes of product to Afghan refugees.

2000
"Share Your Clothes Share Your Love " charity drive for Bosnian, Vietnamese and Combodian refugees.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT, HEALTH & SAFETY

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 Food Safety Management System (HACCP).

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) and environmental management system (EMS) which embrace the 3Rs – Reduce, Reuse and Recycle, 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

The Board of Directors ("the Board") believes that a sound corporate governance structure is vital to ensure sustainability as well as business growth. Hence, the Board fully supports and is committed to ensure that the highest standard of corporate governance as prescribed by the Malaysian Code on Corporate Governance 2012 ("Code") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") is practised throughout the Group.

1. THE BOARD OF DIRECTORS

Roles and Principal Duties

The Board plays an active role in directing management in an effective and responsible manner. The Directors collectively and individually, has legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability.

The Board assumes, amongst others, the following major responsibilities:-

a) Ensuring that the Company goals are clearly established and that strategies are in place for achieving them;

b) Establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

c) Monitoring the performance of Management;

d) Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;

e) Ensuring that the Company's financial statements are true and fair and conform with law;

f) Ensuring that the Company adheres to high standards of ethics and corporate behaviour;

g) Ensuring that the Company has appropriate risk management/ regulatory compliances policies in place.

As part of governance process the Board has formalised and adopted the Board Charter. The Board Charter incorporated the Code of Ethics and Conduct for Directors, which are intended to –

- codify a standard of conduct by which all Directors are expected to abide;
- protect the business interests of the Company;
- maintain the Company's reputation for integrity; and
- foster compliance with applicable legal and regulatory.

Board Composition and Balance

As at the date of this statement, the Board consists of nine (9) members, comprising four (4) Executive Directors and five (5) Non-Executive Directors. Three (3) out of the five (5) Non-Executive Directors are Independent Directors. The Board ensures that at any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members comprise Independent Directors who meet the qualification as prescribed in the Listing Requirements. A brief profile of each Director is presented on pages 18 to 20 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Listing Requirements. The key element in fulfilling the criteria is the appointment of an Independent Director, who is not a member of management (a Non-Executive Director) and is free from any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.

The Directors, with their different background and specialization, collectively bring with them a wide range of experience and expertise in areas such as multilevel marketing, manufacturing, finance, accounting and operations. The Executive Directors in particular, are responsible for implementing policies and decisions of the Board and overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors contribute objective and independent judgment to the decision-making of the Board and provide a check and balance to the decisions of the Executive Directors besides ensuring that the interests of all shareholders are indeed taken into account by the Board. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

The Board agrees that the Company should apply the principal in the Code in relation to reinforcing independence. The Board has in place policies and procedures to ensure effectiveness of the Independent Directors. The Board has assessed, reviewed and determined that the three (3) Independent Non-Executive Directors of the Company remain objective and independent. These were based on grounds that they have consistently challenged management in an effective and constructive manner besides actively participated in board discussion and provided an independent voice on the Board.

On the option of the recommendation to set the tenure of an independent director at 9 years or to seek shareholders' approval to retain an independent director who has served in that capacity for more than 9 years, the Board has deliberated and agreed that the tenure of an independent director, unless approved by the shareholders for such further period, shall not exceed a cumulative term of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director or upon approval being obtained from the shareholders.

STATEMENT ON CORPORATE GOVERNANCE

The Board is satisfied that Zulkifli Bin Mohamad Razali, who has served for 9 years remain objective and independent and has continued to actively participate and express his views during Board deliberations and decision making by the Board. In view thereof, the Board recommends and supports the resolution for his re-appointment as Independent Non-Executive Director of the Company which will be tabled for shareholders' approval at the forthcoming AGM of the Company.

There are a clear division of responsibilities at the head of the Company to ensure balance of power and authority. The Group is led by the Non-Executive Chairman and Executive Directors with their roles distinct, separated and responsibilities clearly defined between them. The Non-Executive Chairman, Dato' Koh Peng Chor is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussion and shareholders are informed of the subject matters requiring their approval. The Executives Directors are responsible for the implementation of Group's policies and strategies besides overseeing and managing the day-to-day operations of the Group. All Directors are jointly responsible for determining the Group's strategic business direction.

The Code recommends that the Chairman must be a Non-Executive Board member and if he is not an independent director, the Board must comprise a majority of independent directors. Although the Chairman is not an Independent Director, the Board believes that the interests of shareholders are best served by the Chairman who will act in the best interests of the shareholders as a whole. As the Chairman is representing the shareholder who has substantial interest in the Company, he is well-placed to act on behalf of the shareholders and in their best interests.

Board Meetings

The yearly Board meetings of the Company are planned in advance prior to the commencement of a new financial year and the schedule is circulated to the Directors to enable them to plan ahead.

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened as and when necessary. During the year ended 31 December 2013, the Board met on four (4) occasions to deliberate and consider matters including the Group's financial results, major investments, strategic decisions, business plan and direction of the Group. All the Directors have attended the minimum 50% of the total Board meetings held during the financial year and complied with the requirements on attendance at Board Meetings as stipulated in the Listing Requirements. The Company Secretary attended all the Board meetings held in the year.

The Directors remain fully committed in carrying out their duties and responsibilities as reflected by their attendance record for the Board meetings held during the financial year as follows:-

Name Of Director	Total Meetings Attended	Percentage Of Attendance (%)
Dato' Koh Peng Chor	4/4	100
Cheong Chin Tai	3/4	75
Koh How Loon	2/4	50
Tan Sia Swee	4/4	100
Chew Boon Swee	4/4	100
Law Yang Ket	3/4	75
Dr. Ch'ng Huck Khoon	4/4	100
Zulkifli Bin Mohamad Razali	4/4	100
Lim Lean Eng	4/4	100

Supply of and Access to Information

The relevant papers for Board meetings, with full and fair disclosures relating to the agenda items, are disseminated to all the Directors in advance to enable them to prepare for the meetings. Agenda items for which require resolution or approval are identified and clearly stipulated in the Board meeting papers to ensure that matters are discussed in a structured manner. For corporate proposals deemed material and price-sensitive, supporting papers would be circulated to the Directors during the Board meeting.

At the Board meetings, the Management presents and provides explanation on the reports provided. Senior Management may be invited to attend the Board meetings to advise or give detailed explanation and clarification on relevant agenda items to enable the Board to make informed decisions. Any Director who has a direct and/or indirect interest in the subject matter to be deliberated on shall abstain from deliberation and voting on the same.

The Board is informed of the decisions and salient issues deliberated by the Board Committees and Management Committees through minutes of these committees.

Minutes of every Board meeting are circulated to each Director for their perusal before confirmation at the following Board meeting. The Company Secretary attends and ensures that all meetings are properly convened and the proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals are duly recorded and minuted. The Directors may seek clarification or raise comments before the minutes are confirmed and signed by the Chairman as a correct record of the proceedings of the meeting.

STATEMENT ON CORPORATE GOVERNANCE

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.

All Directors have unlimited direct access to the professional advice and services of the Company Secretary as well as access to all information within the Company whether as a full board or in their individual capacity. The Board is regularly updated and advised by the Company Secretary on Board procedures and the Company Secretary ensures that the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Board believes that the Company Secretary is capable of carrying out her duties in ensuring the effective functioning of the Board.

Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management. The Directors, whether as full Board or individual capacity, may seek independent professional advice in furtherance of their duties. If such advice is considered necessary, it shall be first discussed with the Chairman and having done so, shall be free to proceed. Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Directors will ensure, so far as is practicable, that the cost is reasonable.

Board Committees

The Board, which is the ultimate authority in decision-making for all significant matters, delegates certain responsibilities to Board Committees namely Audit Committee, Nomination Committee and Remuneration Committee to enhance efficiency. The Board Committees consider particular issues and recommend proposed actions to the Board. The functions and terms of reference of Board Committees are clearly defined by the Board and are in line with the best practice prescribed by the Code.

The Chairman of the respective Committees will report to the Board on the decisions or recommendations made by the Committee.

Besides the above, the Management Committees meeting are also convened between the Executive Directors of the Company and its subsidiaries together with Senior Management. The purpose of the meetings are basically to review the performance of the Group, deliberate on major operational issues, review and monitor risk management issues, assess progress of business strategies and investments and recommend to the Board the strategic direction of the Group.

Nomination Committee

The Nomination Committee of the Company comprises exclusively of Non-Executive Directors as follows:-

Nomination Committee Member	Total Meetings Attended	Percentage Of Attendance (%)
Zulkifli Bin Mohamad Razali *Chairman/Independent Non-Executive Director*	6/6	100
Dato' Koh Peng Chor *Member/ Non-Executive Chairman*	5/6	83
Dr. Ch'ng Huck Khoon *Member/Independent Non-Executive Director*	6/6	100
Lim Lean Eng *Member/Independent Non-Executive Director*	6/6	100

The Nomination Committee meets as and when required, and at least once a year. The Nomination Committee met 6 times during the financial year ended 31 December 2013. The attendance of each member at the Nomination Committee meetings is as above.

The Nomination Committee's responsibilities include assessing and recommending to the Board the candidature of directors, appointment of directors to Board Committees, re-election of directors, review of board's succession plans and training programmes for the board.

The Nomination Committee reviews the overall composition of the Board in terms of appropriate size, required mix of knowledge, skills, experiences and core competencies and adequacy of balance between Executive Directors and Independent Non-Executive Directors.

As part of the annual assessment of directors, the Nomination Committee will review 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 will be 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.

STATEMENT ON CORPORATE GOVERNANCE

The Nomination Committee will also consider a mix of Board members that represents a diversity background and experience. No individuals shall be discriminated against on the basis of race, religion, national origin, disability or any other basic, including gender.

Directors' Training

The Board is aware of the importance of continuous training for Directors to enable them to discharge their duties effectively. The Directors are encouraged to attend various training programmes and seminars to constantly update themselves and keep abreast with industrial sector issues, the current and future developments in the industry and global market, management strategies and regulatory laws, rules as well as guidelines.

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) as prescribed under the Listing Requirements. The Nomination Committee regularly review the training needs of the individual Directors to ensure that they are acquainted with the latest developments, especially on the changing environment within which the Group operates. Directors are encouraged to attend various training programmes to constantly update their knowledge as well as enhance their skills. The Board is also updated by the Company Secretary on the latest update/amendments on Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

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 2013 are as follows:

Course Title	Date
Key Changes to the Malaysian Code on Corporate Governance (MCCG 2012)	25 January 2013
New leadership in New Direct Selling Era	6 – 7 March 2013
Direct Selling Future Development	11 March 2013
The Competition Act 2010: Impact on Capital Market	23 April 2013
Fixed Income Investment	30 August 2013
Finance for Non-Finance Manager	10 - 11 September 2013
Direct Selling Marketing Strategy	23 – 24 October 2013
Merger & Acquisitions : Pricing the Deal, Due Diligence and Alternatives to M&A	19 December 2013

2. DIRECTORS' REMUNERATION

Remuneration Committee

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

Remuneration Committee Member	Total Meetings Attended	Percentage Of Attendance (%)
Dato' Koh Peng Chor *Chairman/Non-Executive Chairman*	1/1	100
Chew Boon Swee *Member/Executive Director*	1/1	100
Dr. Ch'ng Huck Khoon *Member/Independent Non-Executive Director*	1/1	100
Zulkifli Bin Mohamad Razali *Member/Independent Non-Executive Director*	1/1	100
Lim Lean Eng *Member/Independent Non-Executive Director*	1/1	100

The Remuneration Committee meets as and when required, and at least once a year. The Remuneration Committee met once during the financial year ended 31 December 2013. The attendance of each member at the Remuneration Committee meeting is as above.

The Remuneration Committee is responsible to review and recommend the framework of the Executive Directors' remuneration package. The policy adopted by the Remuneration Committee is to recommend such remuneration package to ensure that rewards commensurate with their contribution and is sufficiently attractive to attract, retain and motive Directors in managing the businesses of the Group. The ultimate approval for the remuneration of the Directors lies with the Board, with the respective Directors abstaining from the deliberation and voting on the same.

The Board as a whole determines the fee of the Non-Executive Directors with the individual Director concerned abstaining from decisions in respect of their remuneration. The Non-Executive Directors' fee consists of annual fees that reflect their expected roles and responsibilities. The Non-Executive members of the Board and Board Committees are also paid a meeting allowance for each meeting they attended.

STATEMENT ON CORPORATE GOVERNANCE

Details of the remuneration of the Directors of the Company during the financial year ended 31 December 2013 (including remuneration drawn from subsidiaries) are as follows:

	Executive Directors (RM)	**Non-Executive Directors (RM)**
Fees	-	408,000
Other emoluments	2,731,541	34,500
Benefits in kind	39,333	16,100
Retirement benefits	400,905	-
Total	**3,171,779**	**458,600**

The number of Directors whose total remuneration falls within the respective bands is as follows:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
RM50,001 to RM100,000	-	3
RM250,001 to RM300,000	-	1
RM400,001 to RM450,000	1	1
RM700,001 to RM750,000	1	-
RM750,001 to RM800,000	1	-
RM800,001 to RM850,000	1	-

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

3. COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of communication with shareholders 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 Listing Requirements 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 Listing Requirements.

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.

STATEMENT ON CORPORATE GOVERNANCE

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 Listing Requirements 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.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Directors aim to present a true and fair assessment of the Group's position and prospects. The Audit Committee assists the Board in reviewing the information to be disclosed to ensure accuracy, adequacy and completeness prior to release to Bursa Malaysia Securities Berhad and Securities Commission.

The Directors are required by the Companies Act, 1965 ("Act") to prepare financial statements for each financial year which have been made out in accordance with the provisions of the Act and applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2013, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Statement of Directors' Responsibility is also enclosed in page 37 of this Annual Report.

Risk Management and Internal Control

The Board maintains a sound risk management framework and system of internal control to safeguard shareholders' investment and the Group's asset. The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group, is set out on pages 31 to 33 of this Annual Report.

Relationship with External Auditors

The external auditors play an important role in ensuring the reliability of the Company's financial statements and providing the assurance of accuracy to shareholders. The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's external auditors. The roles of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 34 to page 36 of this Annual Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 30 April 2014.

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 2013.

The Board's Commitment

The Board is committed to maintaining effective risk management practices and a sound system of internal controls in the Group to ensure good corporate governance. The board has recognized that the systems must continuously evolve to support various business and 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 safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

Key Risk Management and Internal Control Processes:-

The Management

1. 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.

2. The Group's Executive Management Committee 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. Explanation is provided for any major variances and action plan is formulated to increase likelihood of achieving the budgeted financial performance.

3. The Board oversees the conduct of the Group's operations through various management meeting and reporting mechanisms. Monthly Management and financial reports are prepared by the Management and reported to the Group's Executive Directors for review and decision-making purposes.

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

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

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

7. 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.

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

9. 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.

10. 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 empowered the RMC to review and ensure the Enterprise Risk Management framework is carried out within the Group. During the financial 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 Senior Management to monitor and ensure relevant controls are in place 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 operating companies within the Group:-

CNI HOLDINGS BERHAD'S BOARD

1

Risk Management Committee (RMC)
- Deliberation of strategic and critical risks
- Prioritisation of risk action plans and issues
- Identification and managing risks affecting long-term success of the Group

2 3

Risk Working Committee (RWC)
Items from Risk Management Committee:-
Implementation, Coordination and Information Gathering on all Business Risk matters

4

CNI Holdings Berhad
CNI Enterprise (M) Sdn Bhd
Exclusive Mark (M) Sdn Bhd
Creative Network International (S) Pte Ltd
Q-Pack (M) Sdn Bhd
Symplesoft eSolutions Sdn Bhd
Symplesoft Sdn Bhd
CNI Global (Malaysia) Sdn Bhd
Infuso Sdn Bhd
Top One-Biotech Co., Ltd
Lotus Supplies Sdn Bhd
Bright Way Avenue Sdn Bhd
Sierra Edge Sdn Bhd
Creative Network International (Thailand) Co. Ltd

Notes

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

2. The Risk Management Committee ("RMC") prioritises and accelerates risk management strategies and coordinates activities with the Risk Working Committee.

3. The Risk Working Committee ("RWC") is responsible for implementation and coordination of the Risk Management Process on behalf of the RMC. RWC also compiles and submits reports 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.

Material associates that have not been dealt with as part of the Group for the purpose of the Statement on Risk Management and Internal Control are as follows:

- Tunas Citarasa Sdn. Bhd.
- CNI Corporation Sdn. Bhd

The Audit Committee (AC)

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 34 to 36 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.

This Statement was approved by the Board of Directors on 30 April 2014.

AUDIT COMMITTEE REPORT

ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee meetings held during 2013 are as follows:

Name of Audit Committee Member	Total Meetings Attended	Percentage Of Attendance (%)
Dr. Ch'ng Huck Khoon Chairman/Independent Non-Executive Director	6/6	100
Zulkifli Bin Mohamad Razali Member/Independent Non-Executive Director	6/6	100
Lim Lean Eng Member/Independent Non-Executive Director	6/6	100

Representatives of the External Auditors, Messrs Baker Tilly 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 and 27 February 2014 respectively, 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 with the majority being 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.

No alternate director is to be appointed as a member of the Audit Committee.

All members of the Audit Committee must be Non-Executive Directors, with a majority of them being Independent Directors.

The 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 their members who shall be an Independent 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.

The Head of Finance & Accounts, the Head of Internal Audit 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 Committee.

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

A quorum shall be two (2) members and the majority of members present must be Independent Directors.

AUDIT COMMITTEE REPORT

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

A resolution in writing signed or approved by letter by the members of the Audit Committee who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolutions shall be described as "Audit Committee Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him 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) their audit report, management letter and management's response.

b) To consider the appointment and re-appointment of external auditors, the audit fee and any question of dismissal or resignation where explanations are provided.

c) To review with the Internal Auditors:-

   i) the adequacy of the scope, functions, competency and resources of the internal audit function, including the authority of the internal audit.
   ii) the internal audit programme, processes, and the results of the internal audit programme, processes or investigations undertaken, and where necessary, ensure appropriate actions are taken on the recommendations of the internal audit function.
   iii) any appraisal or assessment of the performance of members of the internal audit function.
   iv) approve any appointment or termination of senior staff members of the internal audit function.

d) To review with the management and/or external auditors the quarterly and year end financial statements prior to the approval of the Board, focusing particularly on:-

   i) changes in or implementation of major accounting policies and practices;
   ii) significant and unusual events;
   iii) compliance with accounting standards and other legal requirements;
   iv) significant adjustments arising from the audit;
   v) the on-going concern assumptions; and
   vi) major judgmental areas.

e) To review related party transactions and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity.

f) To review current / pending litigation or regulatory proceedings bearing on corporate governance in which the Company is a party.

g) 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.

h) To review the means of safeguarding asset and, as appropriate, verify the existence of such assets.

i) To appraise the economy, effectiveness and efficiency with which resources are employed.

j) To review the risk management update and evaluate the risk exposure relating to the Company's governance, financial, operations and information systems.

AUDIT COMMITTEE REPORT

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) To perform any other functions or duties as may be agreed to by the Committee and the Board.

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 2013 is RM158,260.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquires, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards. The Directors have the overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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

RESULTS

	Group	Company
	RM	RM
(Loss)/Profit for the financial year	(814,448)	5,144,947
(Loss)/Profit attributable to:		
Owners of the parent	(651,435)	5,144,947
Non-controlling interests	(163,013)	-
	(814,448)	5,144,947

DIVIDENDS

The amount of dividend paid by the Company since the previous financial year end were as follows:

	RM
Interim dividend of RM0.004 per ordinary share less 25% tax on 713,866,000 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2012, paid on 18 April 2013	2,141,598

The directors declared a single tier interim dividend of RM0.003 per ordinary share based on 713,511,900 ordinary shares amounting to RM2,140,536 in respect of the current financial year and paid to the shareholders on 17 April 2014, whose names appeared on the Record of Depositors on 20 March 2014. The financial statements of the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other 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 as bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and the 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.

DIRECTORS' REPORT

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.

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 354,100 ordinary shares of its entire issued and fully paid capital from the open market at an average price of RM0.105 per ordinary share in accordance with the treasury shares scheme. The total consideration paid for the repurchased shares including transaction costs was RM37,453. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2013, the Company held as treasury shares a total of 6,388,100 ordinary shares of its 720,000,000 issued and fully paid ordinary shares. Such treasury shares are held at a carrying amount of RM1,639,932. Further details are disclosed in Note 26 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

CHEW BOON SWEE

LAW YANG KET

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 ordinary 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 1.1.13	Bought	Sold	At 31.12.13
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
Chew Boon Swee		1,128,614	-	-	1,128,614
Law Yang Ket		4,691,898	-	-	4,691,898
Dr. Ch'ng Huck Khoon		1,000	-	-	1,000
Lim Lean Eng		1,083,360	-	-	1,083,360
Indirect Interest					
Dato' Koh Peng Chor	*	372,483,483	-	-	372,483,483
Koh How Loon	**	369,171,643	-	-	369,171,643
Tan Sia Swee	***	25,393,380	2,509,600	-	27,902,980
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 1.1.13	Bought	Sold	At 31.12.13
Direct Interest					
Dato' Koh Peng Chor		71,660	-	-	71,660
Chew Boon Swee		7,902	-	-	7,902
Law Yang Ket		10,262	-	-	10,262
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 their interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act 1965, Dato' Koh Peng Chor and Koh How Loon are deemed to be interested in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors as 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 any deemed benefit which may arise from transactions entered into in the ordinary course of business as disclosed in Note 37 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 40 to the financial statements.

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution dated 28 April 2014.

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 10 to 115 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 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 116 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 dated 28 April 2014.

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 10 to 115 and the supplementary information as set out on page 116 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 28 April 2014

LOO YEE WEI

Before me

PESURUHJAYA SUMPAH
No W533
Nama TENGKU FARIDDUDIN
BIN TENGKU SULAIMAN
MALAYSIA

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

Report on the Financial Statements

We have audited the financial statements of CNI Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other 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 10 to 115.

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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal 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 2013 and of their 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 AUDITORS' REPORT TO THE MEMBERS (cont'd)

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 subsidiaries 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 subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the 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 subsidiaries 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 116 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

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
AF 001826
Chartered Accountants

SOH ENG HOOI
3031/02/15(J)
Chartered Accountant

Kuala Lumpur
28 April 2014

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2013

		Group		Company	
		2013	**2012**	**2013**	**2012**
	Note	**RM**	**RM**	**RM**	**RM**
			(Restated)		**(Restated)**
Revenue	4	111,979,690	115,818,729	10,218,725	8,804,791
Direct operating costs	5	(48,628,284)	(48,744,599)	(52,781)	(94,186)
Gross profit		63,351,406	67,074,130	10,165,944	8,710,605
Other income		2,776,198	4,005,998	189,009	1,798,836
Administrative costs		(24,303,436)	(22,846,484)	(4,047,842)	(4,537,748)
Distribution costs		(39,889,154)	(45,271,331)	-	-
Other expenses		(2,042,695)	(1,451,632)	(1,610,589)	(2,135,114)
		(66,235,285)	(69,569,447)	(5,658,431)	(6,672,862)
(Loss)/Profit from operations		(107,681)	1,510,681	4,696,522	3,836,579
Finance costs		(7,060)	(8,436)	-	-
Share of results of associates		(92,878)	(54,477)	-	-
(Loss)/Profit before tax	6	(207,619)	1,447,768	4,696,522	3,836,579
Tax (expense)/credit	7	(606,829)	(433,656)	448,425	(688,522)
(Loss)/Profit for the financial year		(814,448)	1,014,112	5,144,947	3,148,057
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Re-measurement of net defined benefit liability		(213,542)	(107,397)	(277,099)	(61,113)
Foreign currency translation		(17,728)	(109,121)	-	-
Items that will not be reclassified subsequently to profit or loss					
Crystalisation of fair value adjustment reserve		-	12,778	-	-
Total comprehensive income for the financial year		(1,045,718)	810,372	4,867,848	3,086,944

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2013 (cont'd)

		Group		Company	
		2013	**2012**	**2013**	**2012**
	Note	**RM**	**RM**	**RM**	**RM**
			(Restated)		**(Restated)**
(Loss)/Profit attributable to:					
Owners of the parent		(651,435)	1,154,915	5,144,947	3,148,057
Non-controlling interests		(163,013)	(140,803)	-	-
		(814,448)	1,014,112	5,144,947	3,148,057
Total comprehensive income attributable to:					
Owners of the parent		(882,705)	951,175	4,867,848	3,086,944
Non-controlling interests		(163,013)	(140,803)	-	-
		(1,045,718)	810,372	4,867,848	3,086,944
(Loss)/Earnings per share attributable to owners of the parent					
Basic and diluted (sen)	8	(0.09)	0.16		

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At 31 December 2013

	Note	31.12.2013 RM	31.12.2012 RM (Restated)	1.1.2012 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	9	39,260,243	42,122,962	44,502,307
Capital work-in-progress	10	1	1	1
Intangible assets	11	2,715,654	2,741,759	2,777,216
Investment properties	12	2,076,400	2,250,000	8,400,000
Investment in associates	14	4,001,894	594,772	-
Goodwill	15	924,891	924,891	924,891
Other investments	16	1,254,012	2,000,000	2,000,000
Other receivables, deposits and prepayments	20	-	-	15,400
Deferred tax assets	17	3,090,118	3,738,550	3,848,486
		53,323,213	54,372,935	62,468,301
Current assets				
Inventories	18	16,515,353	18,587,212	21,078,414
Trade receivables	19	15,623,145	8,868,787	8,329,501
Other receivables, deposits and prepayments	20	3,891,216	2,941,802	2,678,969
Amounts owing by associates	21	348,729	348,132	30,934
Tax assets		727,102	1,905,728	2,142,123
Other investments	16	26,878,517	29,362,315	24,945,821
Cash and bank balances	23	6,870,585	9,844,641	13,050,655
		70,854,647	71,858,617	72,256,417
Non-current assets held for sale	24	1,375,250	5,465,000	1,165,000
		72,229,897	77,323,617	73,421,417
TOTAL ASSETS		125,553,110	131,696,552	135,889,718

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At 31 December 2013 (cont'd)

	Note	31.12.2013 RM	31.12.2012 RM (Restated)	1.1.2012 RM (Restated)
EQUITY AND LIABILITIES				
Equity				
Share capital	25	72,000,000	72,000,000	72,000,000
Treasury shares	26	(1,639,932)	(1,602,479)	(1,334,888)
Retained earnings		31,174,384	34,210,959	35,311,016
Other reserves	27	(228,797)	(211,069)	(114,726)
		101,305,655	104,397,411	105,861,402
Non-controlling interests		843,079	1,006,092	930,488
Total Equity		102,148,734	105,403,503	106,791,890
Liabilities				
Non-current liabilities				
Finance lease payables	28	8,082	12,091	15,472
Deferred tax liabilities	17	898,944	1,401,205	2,046,124
Term loan	29	-	25,703	57,471
Retirement benefits	30	7,238,020	10,256,678	13,996,616
		8,145,046	11,695,677	16,115,683
Current liabilities				
Trade payables	31	3,980,803	2,435,457	2,708,017
Other payables, deposits and accruals	32	11,152,763	11,958,785	9,836,341
Provision for employee benefits	33	45,598	160,570	220,802
Finance lease payables	28	4,010	3,380	2,751
Term loan	29	26,056	31,687	29,397
Tax payables		50,100	7,493	184,837
		15,259,330	14,597,372	12,982,145
Total Liabilities		23,404,376	26,293,049	29,097,828
TOTAL EQUITY AND LIABILITIES		125,553,110	131,696,552	135,889,718

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 2013

	Note	31.12.2013 RM	31.12.2012 RM (Restated)	1.1.2012 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	9	269,942	547,294	614,082
Intangible assets	11	14,504	17,361	21,302
Investment properties	12	1,400,000	1,400,000	8,400,000
Investment in subsidiaries	13	79,921,374	79,921,374	80,015,794
Investment in associates	14	3,518,000	18,000	18,000
Other investments	16	1,254,012	2,000,000	2,000,000
Deferred tax assets	17	2,549,425	1,141,000	1,195,100
		88,927,257	85,045,029	92,264,278
Current assets				
Inventories	18	300	300	420
Trade receivables	19	14,717	77,110	119,641
Other receivables, deposits and prepayments	20	287,718	288,721	163,995
Amount owing by associate	21	348,729	344,742	30,934
Amounts owing by subsidiaries	22	14,801,312	14,928,067	16,750,030
Tax assets		336,257	881,641	824,831
Other investments	16	4,273,541	3,031,626	-
Cash and bank balances	23	467,347	507,103	1,924,865
		20,529,921	20,059,310	19,814,716
Non-current assets held for sale	24	-	5,465,000	1,165,000
		20,529,921	25,524,310	20,979,716
TOTAL ASSETS		109,457,178	110,569,339	113,243,994

STATEMENT OF FINANCIAL POSITION

As At 31 December 2013 (cont'd)

	Note	31.12.2013 RM	31.12.2012 RM (Restated)	1.1.2012 RM (Restated)
EQUITY AND LIABILITIES				
Equity				
Share capital	25	72,000,000	72,000,000	72,000,000
Treasury shares	26	(1,639,932)	(1,602,479)	(1,334,888)
Retained earnings		34,778,775	32,052,525	31,113,156
Total Equity		105,138,843	102,450,046	101,778,268
Liabilities				
Non-current liability				
Retirement benefits	30	3,934,839	7,042,608	10,988,273
Current liabilities				
Amounts owing to subsidiaries	22	10,870	-	-
Other payables, deposits and accruals	32	371,453	1,051,197	441,355
Provision for employee benefits	33	1,173	25,488	36,098
		383,496	1,076,685	477,453
Total Liabilities		4,318,335	8,119,293	11,465,726
TOTAL EQUITY AND LIABILITIES		109,457,178	110,569,339	113,243,994

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 2013

		Attributable to Owners of the Parent								
		Non-Distributable								
	Note	Share Capital	Treasury Shares	Currency Translation Reserve	Fair Value Adjustment Reserve	Total Other Reserves	Distributable Retained Earnings	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	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
Effect of adoption of										
- MFRS 10		-	-	(13,641)	-	(13,641)	46,445	32,804	80,541	113,345
- MFRS 119		-	-	-	-	-	1,486,506	1,486,506	-	1,486,506
At 1.1.2012 (restated)		72,000,000	(1,334,888)	(101,948)	(12,778)	(114,726)	35,311,016	105,861,402	930,488	106,791,890
Comprehensive income										
Profit for the financial year		-	-	-	-	-	1,154,915	1,154,915	(140,803)	1,014,112
Other comprehensive income										
Crystallisation of fair value adjustment reserve		-	-	-	12,778	12,778	-	12,778	-	12,778
Foreign currency translation		-	-	(109,121)	-	(109,121)	-	(109,121)	-	(109,121)
Remeasurement of defined benefit liability		-	-	-	-	-	(107,397)	(107,397)	-	(107,397)
Total comprehensive income for the financial year		-	-	(109,121)	12,778	(96,343)	1,047,518	951,175	(140,803)	810,372
Transactions with owners										
Purchase of treasury shares	26	-	(267,591)	-	-	-	-	(267,591)	-	(267,591)
Increase in investment in subsidiaries		-	-	-	-	-	-	-	216,407	216,407
Dividends	34	-	-	-	-	-	(2,147,575)	(2,147,575)	-	(2,147,575)
Total transactions with owners		-	(267,591)	-	-	-	(2,147,575)	(2,415,166)	216,407	(2,198,759)
At 31.12.2012 (restated)		72,000,000	(1,602,479)	(211,069)	-	(211,069)	34,210,959	104,397,411	1,006,092	105,403,503

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2013 (cont'd)

		← Attributable to Owners of the Parent →								
		← Non-Distributable →								
	Note	Share Capital	Treasury Shares	Currency Translation Reserve	Fair Value Adjustment Reserve	Total Other Reserves	Distributable Retained Earnings	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1.1.2013		72,000,000	(1,602,479)	(211,069)	-	(211,069)	34,210,959	104,397,411	1,006,092	105,403,503
Comprehensive income										
Profit for the financial year		-	-	-	-	-	(651,435)	(651,435)	(163,013)	(814,448)
Other comprehensive income										
Remeasurement of defined benefit liability		-	-	-	-	-	(213,542)	(213,542)	-	(213,542)
Foreign currency translation		-	-	(17,728)	-	(17,728)	-	(17,728)	-	(17,728)
Total comprehensive income for the financial year		-	-	(17,728)	-	(17,728)	(864,977)	(882,705)	(163,013)	(1,045,718)
Transactions with owners										
Purchase of treasury shares	26	-	(37,453)	-	-	-	-	(37,453)	-	(37,453)
Dividends	34	-	-	-	-	-	(2,141,598)	(2,141,598)	-	(2,141,598)
Dividend paid to non-controlling interests		-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Total transactions with owners		-	(37,453)	-	-	-	(2,171,598)	(2,209,051)	-	(2,209,051)
At 31.12.2013		72,000,000	(1,639,932)	(228,797)	-	(228,797)	31,174,384	101,305,655	843,079	102,148,734

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 2013

	Note	Non-Distributable		Distributable	
		Share Capital	Treasury Shares	Retained Earnings	Total Equity
		RM	RM	RM	RM
At 1.1.2012		72,000,000	(1,334,888)	30,301,103	100,966,215
Effect of adoption of MFRS 119		-	-	812,053	812,053
At 1.1.2012 (restated)		72,000,000	(1,334,888)	31,113,156	101,778,268
Comprehensive income					
Profit for the financial year		-	-	3,148,057	3,148,057
Other comprehensive income					
Remeasurement of defined benefit liability		-	-	(61,113)	(61,113)
Total comprehensive income for the financial year		-	-	3,086,944	3,086,944
Transactions with owners					
Purchase of treasury shares	26	-	(267,591)	-	(267,591)
Dividends	34	-	-	(2,147,575)	(2,147,575)
Total transactions with owners		-	(267,591)	(2,147,575)	(2,415,166)
At 31.12.2012 (restated)		72,000,000	(1,602,479)	32,052,525	102,450,046

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2013 (cont'd)

	Note	Non-Distributable		Distributable	
		Share Capital	Treasury Shares	Retained Earnings	Total Equity
		RM	RM	RM	RM
At 1.1.2013		72,000,000	(1,602,479)	32,052,525	102,450,046
Comprehensive income					
Profit for the financial year		-	-	5,144,947	5,144,947
Other comprehensive income					
Remeasurement of defined benefit liability		-	-	(277,099)	(277,099)
Total comprehensive income for the financial year		-	-	4,867,848	4,867,848
Transactions with owners					
Purchase of treasury shares	26	-	(37,453)	-	(37,453)
Dividends	34	-	-	(2,141,598)	(2,141,598)
Total transactions with owners		-	(37,453)	(2,141,598)	(2,179,051)
At 31.12.2013		72,000,000	(1,639,932)	34,778,775	105,138,843

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

STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax		(207,619)	1,447,768	4,696,522	3,836,579
Adjustments for:					
Amortisation of intangible assets		494,818	422,211	3,027	3,033
Bad debts written off		170	8,562	170	-
Depreciation of property, plant and equipment		3,489,368	3,636,735	92,614	62,695
Dividend income		-	-	(5,760,000)	(4,316,667)
Fair value adjustments on investment properties		-	(800,000)	-	(800,000)
Gain on disposal of investment properties		-	(900,000)	-	(900,000)
Impairment loss on:					
- amount owing by subsidiaries		-	-	548,048	2,000,000
- investment in subsidiaries		-	-	-	94,420
- other investments		745,988	-	745,988	-
- trade receivables		320,847	-	51,214	-
- other receivable		1,695	-	-	-
Income distribution from short term funds		(851,924)	(827,909)	(166,443)	(31,626)
Interest expense		5,306	7,791	-	-
Interest income		(81,167)	(111,700)	(17,695)	(47,440)
Intangible assets written off		9,540	6,039	-	-
Inventories written off		269,540	298,721	-	-
Inventories written (back)/down		(85,129)	140,000	-	-
Loss on disposal of property, plant and equipment		133,316	212,205	131,749	454
Property, plant and equipment written off		47,887	493,689	3,015	1,471
Retirement benefits expense		400,905	529,195	248,237	369,752
Net reversal for employee benefits expense		(114,972)	(60,232)	(24,315)	(10,610)
Sundry deposits written off		22,123	19,870	-	-
Share of loss of associates		92,878	54,477	-	-
Unrealised (gain)/loss on foreign exchange		(186,078)	87,640	16,549	(16,495)
Operating profit before working capital changes, carried down		4,507,492	4,665,062	568,680	245,566

STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2013 (cont'd)

	Note	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM
Operating profit before working capital changes, brought down		4,507,492	4,665,062	568,680	245,566
Inventories		1,887,448	2,052,481	-	120
Receivables		(9,536,548)	(1,254,915)	(552,585)	(396,003)
Payables		2,281,986	1,987,568	(679,744)	609,842
Cash (used in)/generated from operations		(859,622)	7,450,196	(663,649)	459,525
Dividends received		-	-	4,800,000	3,650,000
Interest paid		(5,306)	(7,791)	-	-
Interest received		81,167	111,700	17,695	47,440
Retirement benefits paid		(3,633,105)	(4,376,530)	(3,633,105)	(4,376,530)
Tax paid		(987,488)	(909,589)	(33,534)	(24,565)
Tax refund		1,734,493	-	578,918	-
Net cash (used in)/from operating activities		(3,669,861)	2,267,986	1,066,325	(244,130)
Cash Flows from Investing Activities					
Repayments from/(Advances to) associates		3,220	202,625	(3,987)	-
Investment in associates		(3,500,000)	(649,249)	(3,500,000)	-
Income distribution from short term funds		851,924	827,909	166,443	31,626
Proceeds from disposal of intangible assets		-	209,843	686	908
Proceeds from disposal of property, plant and equipment		109,713	1,822,823	52,397	2,467
Proceeds from disposal of non-current assets held for sale		5,465,000	900,000	5,465,000	900,000
Proceeds from disposal of investment properties		-	3,500,000	-	3,500,000
Purchase of intangible assets		(478,253)	(602,636)	(856)	-
Purchase of investment properties		(676,400)	(850,000)	-	-
Purchase of property, plant and equipment	9	(1,374,519)	(3,781,814)	(2,423)	(299)
Net cash from investing activities		400,685	1,579,501	2,177,260	4,434,702

STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2013 (cont'd)

	Note	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM
Cash Flows from Financing Activities					
Advances from/(Repayments to) subsidiaries		-	-	137,625	(161,542)
Repayment of term loans		(31,334)	(29,478)	-	-
Purchase of treasury shares		(37,453)	(267,591)	(37,453)	(267,591)
Payment of hire purchase liabilities		(3,379)	(2,752)	-	-
Dividends paid		(2,171,598)	(2,147,575)	(2,141,598)	(2,147,575)
Net cash used in financing activities		(2,243,764)	(2,447,396)	(2,041,426)	(2,576,708)
Effect of exchange rate changes		55,086	(189,611)	-	-
Net (decrease)/increase in cash and cash equivalents		(5,457,854)	1,210,480	1,202,159	1,613,864
Cash and cash equivalents at beginning of financial year		39,206,956	37,996,476	3,538,729	1,924,865
Cash and cash equivalents at end of financial year	35	33,749,102	39,206,956	4,740,888	3,538,729

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 2013

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 subsidiaries are set out in Note 13. There have been no significant changes in the nature of these activities during the financial year.

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 company incorporated in Malaysia.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors dated 28 April 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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 otherwise disclosed in the significant accounting policies.

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 judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement 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 3.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

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

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

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 subsidiaries, joint controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

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.

Effect of Adoption of MFRS 10

The Group adopted MFRS 10 in the current financial year with the effects arising from the adoption of the standard being presented retrospectively. The application of MFRS 10 affected the accounting for the Group's 49% interest in the equity shares of Creative Network International (Thailand) Co., Ltd. ("CNIT") for all financial years up to 31 December 2012. CNIT was considered to be an associate and was accounted for using the equity method.

At the date of this application of MFRS 10, the management considers that the Group has de facto control of CNIT even though it has less than 50% of the voting rights. Based on the terms of agreement under which CNIT was established, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct CNIT's activities. Consequently, it is regarded as a subsidiary of the Group.

Accordingly, the Group has consolidated the financial statements of CNIT based on its 49% equity interest and accounted for the balance of 51% as non-controlling interests. The assets, liabilities and equity of CNIT have been retrospectively consolidated in the financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised) (cont'd)

The opening balance at 1 January 2012 and comparative information for the financial year ended 31 December 2012 have been restated in the consolidated financial statements. The quantitative impact on the financial statements is as follows:-

Impact on the consolidated statement of profit or loss and other comprehensive income

	2012
	RM
Other income	10,065
Administrative costs	(221,756)
Distribution costs	(153,338)
Finance cost	(645)
Share of results of associates	53,628
Loss before tax	(312,046)
Tax expense	-
Net impact on profit for the financial year, representing total comprehensive income for the financial year	(312,046)
Attributable to:-	
Owners of the parent	(146,595)
Non-controlling interests	(165,451)
	(312,046)

The adoption did not have any impact on the other comprehensive income for the financial year.

The Group's basic or diluted earnings per share for the financial year ended 31 December 2012 has been restated to reflect the above changes as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised) (cont'd)

The opening balance at 1 January 2012 and comparative information for financial year ended 31 December 2012 have been restated in the consolidated financial statements. The quantitative impact on the financial statements is as follows:- (cont'd)

Impact on the consolidated statement of financial position and statement of changes in equity

	31.12.2012 RM	1.1.2012 RM
Investment in associates	-	(37,825)
Amounts owing by associates	(328,745)	(206,015)
Other receivables, deposits and prepayments	19,587	125,157
Cash and bank balances	44,810	7,799
Total assets	(264,348)	(110,884)
Other payables, deposits and accruals	(119,041)	(193,295)
Total liabilities	(119,041)	(193,295)
Net impact on equity	(145,307)	82,411
Attributable to:-		
Owners of the parent	(76,190)	1,870
Non-controlling interests	(69,117)	80,541
	(145,307)	82,411

Impact on the consolidated statement of cash flows

	2012 RM
Operating activities	4 ,792
Financing activities	32,250
Net increase in cash and cash equivalents	37,042

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates 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. The requirements in MFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. MFRS 12 disclosures are provided in Notes 13 and 14.

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. As a result of the guidance in MFRS 13, the Group and the Company reassessed their policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group and of the Company. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Notes 12 and 44.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

MFRS 119 Employee Benefits (Revised)

MFRS 119 (Revised) eliminates the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

The Group applied MFRS 119 (Revised) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (1 January 2012) and the comparative figures have been accordingly restated.

MFRS 119 (Revised) also requires more extensive disclosures. These have been provided in Note 30.

MFRS 119 (Revised) has been applied retrospectively, with the following permitted exceptions:-

- The carrying amounts of other assets have not been adjusted for changes in employee benefit costs that were included before 1 January 2012; and
- Sensitivity disclosures for the defined benefit obligation for comparative period (financial year ended 31 December 2012) have not been provided.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

MFRS 119 Employee Benefits (Revised) (cont'd)

Effect of Adoption of MFRS 119

The opening balance at 1 January 2012 and comparative information for the financial year ended 31 December 2012 have been restated in the consolidated financial statements. The quantitative impact on the financial statements is as follows:-

Impact on the consolidated statement of profit or loss and other comprehensive income

	2012
	RM
Administrative costs	(40,632)
Loss from operation, representing loss before tax	(40,632)
Tax expense	-
Net impact on profit for the financial year, representing total comprehensive income for the financial year	(40,632)
Attributable to:-	
Owners of the parent	(40,632)

The Group's basic or diluted earnings per share for the financial year ended 31 December 2012 has been restated to reflect the above changes as disclosed in Note 8.

Impact on the consolidated statement of financial position and statement of changes in equity

	31.12.2012	**1.1.2012**
	RM	**RM**
Total liabilites		
Provision for retirement benefits	(1,338,477)	(1,486,506)
Net impact on equity	1,338,477	1,486,506
Attributable to:-		
Owners of the parent	1,338,477	1,486,506

The adoption did not have any impact on the consolidated statement of cash flows for the financial year ended 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

Amendment to MFRS 101 Presentation of Financial Statements

The amendment to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

This amendment also clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendment clarifies that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012.

The amendment also introduces new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendment affects presentation only and has no impact on the Group's and the Company's financial position or performance.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

MFRS 128 (Revised) incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associates, as the equity method was applicable for both investments in joint ventures and associates. However, the revised standard exempts the investor from applying equity accounting where the investment in the associate or joint venture is held indirectly via venture capital organisations or mutual funds, unit trusts and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

The adoption of this standard has no significant impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendment to MFRS 1 requires first-time adopters to apply the requirements of MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to MFRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Entities may choose to apply the requirements of MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 120 to any government loans originated before the date of transition to MFRSs retrospectively provided that the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give the first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest.

Amendment to MFRS 1 also clarifies that an entity that has applied MFRSs or IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with MFRSs or IFRSs, has the option to apply this MFRS 1 or apply MFRSs retrospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors as if it had never stopped applying MFRSs or IFRSs.

The adoption of this amendment has no significant impact to the financial statements of the Group and of the Company.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 address disclosure to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The adoption of these amendments has no significant impact to the financial statements of the Group and of the Company.

Amendment to MFRS 116 Property, Plant and Equipment

Amendment to MFRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

The adoption of this amendment has no significant impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 11 Joint Arrangements and MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 10 clarify that the date of initial application is the beginning of the annual reporting period for which this MFRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying MFRS 10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors to the annual period immediately preceding the date of initial application. A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that MFRS 12 is applied.

If, upon applying MFRS 10, an entity concludes that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of the revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendment also clarify that an entity can apply the earlier versions of MFRS 3 Business Combinations and MFRS 127.

These amendments are not expected to have any significant impact on the financial performance and position of the Group and of the Company.

Amendment to MFRS 132 Financial Instruments: Presentation

Amendment to MFRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112 Income Taxes.

The adoption of this amendment has no significant impact to the financial statements of the Group and of the Company.

Amendment to MFRS 134 Interim Financial Reporting

To be consistent with the requirements in MFRS 8 Operating Segments, the amendment to MFRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New 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 MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") 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 MFRS		
MFRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operation Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

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 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The most significant improvements apply to those that hedge non-financial risk, and they are expected to be of particular interest to non-financial institutions. As a result of these changes, users of the financial statements will be provided with better information about risk management and about the effect of hedge accounting on the financial statements. The MFRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

As part of the amendments, an entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in MFRS 9. This change in accounting would mean that gains caused by a worsening in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The amendments will facilitate earlier application of this long-awaited improvement to financial reporting.

The amendments also remove the mandatory effective date of MFRS 9.

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relate to the International Accounting Standards Board's ("IASB") Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendment to MFRS 3 Business Combinations

Amendment to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendment to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself.

Amendment to MFRS 8 Operating Segments

Amendment to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendment also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduce an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarify that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendment to MFRS 13 Fair Value Measurement

Amendment to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendment also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

Amendments to MFRS 116 and MFRS 138 clarify the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluationof the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendment to MFRS 119 Employee Benefits

Amendment to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendment to MFRS 124 Related Party Disclosures

Amendment to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendment to MFRS 132 Financial Instruments: Presentation

Amendment to MFRS 132 does not change the current offsetting model in MFRS 132. The amendment clarifies the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarify that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provide relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 New and Revised MFRSs, Amendments/improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

2.3 Basis of Consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries which are disclosed in Note 13 made up to the end of the financial year. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an investee if and only if the Group has:-

(i) Power over the investee;
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:-

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual agreements; and
(iii) The voting rights of the Group and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Basis of Consolidation and Subsidiaries (cont'd)

In the Company's separate financial statements, investments in subsidiaries 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 recognised in profit or loss.

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.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net 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.

Changes in the parent's ownership interest in a subsidiary 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. 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 profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

2.4 Transactions with Non-Controlling Interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Functional Currency

i. 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

ii. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

iii. Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

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

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

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

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 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 Income

Rental income 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 Income

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

iv. Interest Income

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

V. Management Fees

Management fees are recognised when services are rendered.

2.7 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Employee Benefits (cont'd)

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 2014.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service by directors or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Tax Expense (cont'd)

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.

2.9 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 profit or loss and other 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 & machinery & laboratory equipment	10%
Motor vehicles	10% - 15%
Office equipment, furniture & fittings, renovation, electrical installation & 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 profit or loss and other 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 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.

2.11 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.

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.

2.12 Associate

An associate is an entity in which the Group exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over these policies.

Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. The Group's investment in associates includes goodwill identified on acquisition.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Associate (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.13 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, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of profit or loss and other comprehensive income.

2.14 Intangible Assets

i. Computer Softwares

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Intangible Assets (cont'd)

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.

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Financial Assets

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

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

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

i. Financial Assets at Fair Value through Profit or Loss

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

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

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

ii. Loans and Receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Financial Assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Fair value measurement

The Group adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Impairment of Financial Assets (cont'd)

ii. Unquoted Equity Securities Carried at Cost

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

iii. Available-for-sale Financial Assets

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

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

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

2.20 Non-Current Assets Held For Sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rate basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sales are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once reclassified as held for sale or distribution.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Leases (cont'd)

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.

2.26 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.27 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.

2.28 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 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 the Company, 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.

2.30 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the directors have made the following judgement, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements:

(i) Classification between investment properties and property, plant and equipment (Note 12)

The Group and the Company have developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Consolidation of entities in which the Group holds less than 50% (Note 13)

Management considers that the Group has de facto control of Creative Network International (Thailand) Co., Ltd. ("CNIT") even though it has less than 50% of the voting rights. Based on the terms of agreement under which this entity was established, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct CNIT's activities. Consequently, it is regarded as a subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

(b) Key sources of estimation uncertainty

(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) Amortisation of intangible assets (Note 11)

The cost of intangible asset is amortised on a straight line basis over the assets' useful lives. Management estimates the useful lives of these intangible assets to be 10 years. The amortisation period and the amortisation method for computer software are reviewed at least at each reporting date. Therefore, future amortisation charges could be revised.

(iii) Valuation of investment properties (Note 12)

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.

(iv) Impairment of investments (Notes 12, 13, 14 and 16)

The directors review the investments for impairment when there is an indication of impairment. This involves measuring the recoverable amount by reference to the underlying assets at the end of the financial period. The determination of fair value of underlying assets includes fair value less costs to sell and valuation techniques. Valuation techniques include discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

For quoted investment, the directors make impairment loss based on assessment whether the decline in the market value is of permanent in nature together with the assessment on the prospect of the business. Where expectations differ from the original estimate, the differences will impact the carrying amount of these investments.

(v) Impairment of goodwill (Note 15)

The Group tests goodwill annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Where expectations differ from the original estimates, the differences will impact the carrying amount of goodwill.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(vi) Impairment of loans and receivables, amounts owing by subsidiaries and associates (Notes 19 and 20, 21 and 22)

The Group and the Company assess at each reporting date whether there is any objective evidence that a receivable, amounts owing by subsidiaries and associates are 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.

(vii) Deferred tax assets (Note 17)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(viii) 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.

(ix) Write down for obsolete or slow moving inventories (Note 18)

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(x) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

4. REVENUE

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Sale of goods	104,526,904	113,852,800	-	-
Sale of food and beverages	1,047,513	1,612,552	-	-
Sales of properties	6,205,758	-	-	-
Management fees	-	-	4,259,210	4,134,747
Rental income from investment properties	199,515	353,377	199,515	353,377
Dividend income	-	-	5,760,000	4,316,667
	111,979,690	115,818,729	10,218,725	8,804,791

5. DIRECT OPERATING COSTS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Cost of goods sold	42,877,044	47,043,080	-	-
Cost of food and beverages sold	1,370,971	1,607,333	-	-
Cost of properties sold	4,327,488	-	-	-
Operating expenses of investment properties:				
- income generating	52,781	94,186	52,781	94,186
	48,628,284	48,744,599	52,781	94,186

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

6. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
		(Restated)		**(Restated)**
Amortisation of intangible assets	494,818	422,211	3,027	3,033
Auditors' remuneration:				
- auditors of the Company				
- statutory audits	184,900	179,000	11,000	10,000
- other services	11,000	11,000	11,000	11,000
- component auditors of the Group				
- statutory audits	26,306	23,235	-	-
Bad debts written off	170	8,562	170	-
Fair value adjustments on: investment properties	-	(800,000)	-	(800,000)
Depreciation of property, plant and equipment	3,489,368	3,636,735	92,614	62,695
Gain on disposal of investment properties	-	(900,000)	-	(900,000)
Impairment loss on:				
- amount owing by subsidiaries	-	-	548,048	2,000,000
- investment in subsidiaries	-	-	-	94,420
- other investments	745,988	-	745,988	-
- trade receivables	320,847	-	51,214	-
- other receivable	1,695	-	-	-
Interest expense:				
- term loan	3,286	5,142	-	-
- finance lease payables	2,020	2,649	-	-
Income distribution from short term fund	(851,924)	(827,909)	(166,443)	(31,626)
Interest income	(81,167)	(111,700)	(17,695)	(47,440)
Inventories written off	269,540	298,721	-	-
Inventories written (back)/down	(85,129)	140,000	-	-
Intangible assets written off	9,540	6,039	-	-
Loss on disposal of property, plant and equipment	133,316	212,205	131,749	454

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

6. (LOSS)/PROFIT BEFORE TAX (cont'd)

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

	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM (Restated)
Loss/(Gain) on foreign exchange:				
- realised	(21,090)	(1,500)	(4,871)	(2,725)
- unrealised	(186,078)	87,640	16,549	(16,495)
Non-executive directors' remuneration:				
- fees	408,000	364,000	408,000	364,000
- other emoluments	34,500	30,500	34,500	30,500
Property, plant and equipment written off	47,887	493,689	3,015	1,471
Rental income	(480,680)	(634,692)	-	-
Rental of premises	1,313,351	1,275,380	183,480	183,480
Retirement benefits expense (Note 30)	400,905	529,195	248,237	369,752
Sundry deposits written off	22,123	19,870	-	-
Employee benefits expense (Note (a)	2 5,393,814	23,697,312	2,732,696	3,239,430

(a) Employee benefits expense are:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Salaries and wages	18,869,527	16,153,766	1,413,518	1,385,396
Contributions to defined contribution plans	1,807,034	2,326,969	108,485	97,502
Executive directors' remuneration (Note (i))	4,832,225	5,276,809	1,235,008	1,767,142
Net reversal of provision for employee benefits (Note 33)	(114,972)	(60,232)	(24,315)	(10,610)
	25,393,814	23,697,312	2,732,696	3,239,430

6. (LOSS)/PROFIT BEFORE TAX (cont'd)

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

(a) Employee benefits expense are: (cont'd)

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Executive Directors:				
- other emoluments	4,431,320	4,747,614	986,771	1,397,390
- retirement benefits	400,905	529,195	248,237	369,752
	4,832,225	5,276,809	1,235,008	1,767,142
Estimated monetary value of benefits-in-kind	72,270	95,367	11,537	26,725
Total executive directors' remuneration	4,904,495	5,372,176	1,246,545	1,793,867
Non-executive Directors:				
- fees	408,000	364,000	408,000	364,000
- other emoluments	34,500	30,500	34,500	30,500
	442,500	394,500	442,500	394,500
Estimated monetary value of benefits-in-kind	16,100	-	16,100	-
Total non-executive directors' remuneration	458,600	394,500	458,600	394,500
Total remuneration (including benefit-in-kind)	5,363,095	5,766,676	1,705,145	2,188,367

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

7. TAX EXPENSE/(CREDIT)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
		(Restated)		
Current income tax:				
Based on results for the year - Malaysian tax	623,512	996,362	960,000	666,667
Over provision in prior financial year	(162,854)	(27,723)	-	(32,245)
	460,658	968,639	960,000	634,422
Deferred tax (Note 17):				
Origination and reversal of temporary differences	(60,098)	(356,970)	127,849	136,000
Relating to changes in tax rate	67,952	-	114,470	-
Crystalisation of deferred tax	-	(85,900)	-	(85,900)
Under/(Over) provision in prior financial year	138,317	(92,113)	(1,650,744)	4,000
	146,171	(534,983)	(1,408,425)	54,100
Tax expense/(credit)	606,829	433,656	(448,425)	688,522

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

7. TAX EXPENSE/(CREDIT) (cont'd)

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM (Restated)**	**RM**	**RM**
(Loss)/Profit before tax	(207,619)	1,447,768	4,696,522	3,836,579
Tax at the Malaysian statutory income tax rate of 25% (2012: 25%)	(51,978)	439,954	1,174,100	959,100
Effect of different tax rates in foreign jurisdictions	8,747	105,940	-	-
Tax effects arising from:				
- non-deductible expenses	970,562	671,434	433,321	684,967
- double deduction expenses	(314,500)	(136,600)	-	-
- non-taxable revenue	(818,701)	(1,013,512)	(514,245)	(841,400)
Effect of changes in tax rate on opening balance of deferred tax	67,952	-	114,470	-
Deferred tax recognised at different tax rates	15,537	-	(5,327)	-
Crystalisation of deferred tax	-	(85,900)	-	(85,900)
Deferred tax assets not recognised during the financial year	797,247	572,176	-	-
Utilisation of previously unrecognised deferred tax asset	(43,500)	-	-	-
(Over)/Under provision of deferred tax in prior financial year				
- income tax	(162,854)	(27,723)	-	(32,245)
- deferred tax	138,317	(92,113)	(1,650,744)	4,000
Tax expense/(credit)	606,829	433,656	(448,425)	688,522

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year. The domestic statutory income tax rate will be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December 2013 has reflected these changes.

The Group has unutilised tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowance of RM12,795,482 (2012: RM9,957,321), RM697,168 (2012: RM520,342) and RM43,000 (2012: RM43,000) respectively, available to be carried forward to set-off against future taxable profits.

The credit in the Section 108 balance as at 31 December 2013 expired in accordance with the Finance Act 2007. With effect from 1 January 2014, the Company will be able to distribute dividends out of its retained earnings under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

8. (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share amounts are calculated by dividing profit/(loss) for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2013	**2012**
	RM	**RM**
		(Restated)
Basic (losses)/earnings per share		
Net (loss)/profit attributable to owners of the parent	(651,435)	1 ,154,915
Weighted average number of ordinary shares for basic (losses)/earnings per share computation	713,800,417	714,882,454
Basic (losses)/earnings per share (sen)	(0.09)	0.16

(b) The diluted (losses)/earnings per share is not applicable for the current financial year as the Group does not have dilutive potential ordinary shares as at the reporting date.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Office Equipment, Furniture& Fittings, Renovation, Electrical Installation & Computer Hardware RM	Total RM
Cost						
At 1.1.2013	4,621,097	34,966,229	22,845,714	4,794,464	17,274,124	84,501,628
Additions	-	-	405,239	172,538	796,742	1,374,519
Disposals	-	-	-	(488,003)	(88,238)	(576,241)
Written off	-	-	(15,420)	(200,000)	(190,674)	(406,094)
Translation adjustments	-	-	25,968	-	58,995	84,963
Reclassified to non-current assets held for sale (Note 24)	-	(550,000)	-	-	-	(550,000)
At 31.12.2013	4,621,097	34,416,229	23,261,501	4,278,999	17,850,949	84,428,775

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

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

Group	Freehold Land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Office Equipment, Furniture& Fittings, Renovation, Electrical Installation & Computer Hardware RM	Total RM
Accumulated Depreciation						
At 1.1.2013	-	8,926,685	19,126,382	3,516,928	10,808,671	42,378,666
Charge for the financial year	-	688,275	1,210,121	267,074	1,323,898	3,489,368
Disposals	-	-	-	(306,255)	(26,957)	(333,212)
Written off	-	-	(12,481)	(199,999)	(145,727)	(358,207)
Translation adjustments	-	-	3,507	-	13,160	16,667
Reclassified to non-current assets held for sale (Note 24)	-	(24,750)	-	-	-	(24,750)
At 31.12.2013	-	9,590,210	20,327,529	3,277,748	11,973,045	45,168,532
Net Carrying Amount						
At 31.12.2013	4,621,097	24,826,019	2,933,972	1,001,251	5,877,904	39,260,243
Cost						
At 1.1.2012	4,621,097	35,084,980	22,872,622	4,842,694	18,273,937	85,695,330
Additions	-	-	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 31.12.2012	4,621,097	34,966,229	22,845,714	4,794,464	17,274,124	84,501,628

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

Group	Freehold Land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Office Equipment, Furniture& Fittings, Renovation, Electrical Installation & Computer Hardware RM	Total RM
Accumulated Depreciation						
At 1.1.2012	-	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 31.12.2012	-	8,926,685	19,126,382	3,516,928	10,808,671	42,378,666
Net Carrying Amount						
At 31.12.2012	4,621,097	26,039,544	3,719,332	1,277,536	6,465,453	42,122,962
At 1.1.2012	4,621,097	26,845,721	4,496,825	1,373,342	7,165,322	44,502,307

	Motor Vehicles RM	Office Equipment, Furniture & Fittings RM	Electrical Installation RM	Computer Hardware RM	Total RM
Company					
Cost					
At 1.1.2013	857,012	25,743	1,360	80,740	964,855
Additions	-	399	-	2 ,024	2,423
Disposals	(255,234)	-	-	(3,250)	(258,484)
Written off	-	(12,140)	-	-	(12,140)
At 31.12.2013	601,778	14,002	1,360	79,514	696,654
Accumulated Depreciation					
At 1.1.2013	371,545	12,694	236	33,086	417,561
Charge for the financial year	82,849	1,510	136	8,119	92,614
Disposals	(73,486)	-	-	(852)	(74,338)
Written off	-	(9,125)	-	-	(9,125)
At 31.12.2013	380,908	5,079	372	4 0,353	426,712
Net Carrying Amount					
At 31.12.2013	220,870	8,923	988	39,161	269,942

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

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

	Motor Vehicles RM	Office Equipment, Furniture & Fittings RM	Electrical Installation RM	Computer Hardware RM	Total RM
Company					
Cost					
At 1.1.2012	857,012	29,686	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 31.12.2012	857,012	25,743	1,360	80,740	964,855
Accumulated Depreciation					
At 1.1.2012	319,120	14,849	1,298	28,761	364,028
Charge for the financial year	52,425	1,786	136	8,348	62,695
Disposals	-	-	-	(1,224)	(1,224)
Written off	-	(3,941)	(1,198)	(2,799)	(7,938)
At 31.12.2012	371,545	12,694	236	33,086	417,561
Net Carrying Amount					
At 31.12.2012	485,467	13,049	1,124	47,654	547,294
At 1.1.2012	537,892	14,837	1,265	60,088	614,082

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

	Group 2013 RM	Group 2012 RM
Office equipment	18,992	22,492

10. CAPITAL WORK-IN-PROGRESS

	Group 2013 RM	Group 2012 RM
At cost		
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

10. CAPITAL WORK-IN-PROGRESS (cont'd)

Capital work-in-progress is in respect of the acquisition of a service apartment by a subsidiary, 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 concerned as mentioned in Note 29.

11. INTANGIBLE ASSETS

	Computer Software RM	Trademark RM	Total RM
Group			
Cost			
At 1.1.2013	5,742,320	25,779	5,768,099
Acquisition of a subsidiary			
Additions	478,253	-	478,253
Written off	(9,540)	-	(9,540)
At 31.12.2013	6,211,033	25,779	6,236,812
Accumulated Amortisation			
At 1.1.2013	3,026,340	-	3,026,340
Charge for the financial year	494,818	-	494,818
At 31.12.2013	3,521,158	-	3,521,158
Net carrying amount			
At 31.12.2013	2,689,875	25,779	2,715,654
Cost			
At 1.1.2012	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 31.12.2012	5,742,320	25,779	5,768,099

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

11. INTANGIBLE ASSETS (cont'd)

	Computer Software RM	Trademark RM	Total RM
Group			
Accumulated Amortisation			
At 1.1.2012	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 31.12.2012	3,026,340	-	3,026,340
Net carrying amount			
At 31.12.2012	2,715,980	25,779	2,741,759
At 1.1.2012	2,751,437	25,779	2,777,216

	Computer Software RM
Company	
Cost	
At 1.1.2013	30,149
Additions	856
Disposal	(1,193)
At 31.12.2013	29,812
Accumulated Amortisation	
At 1.1.2013	12,788
Charge for the financial year	3,027
Disposal	(507)
At 31.12.2013	15,308
Net carrying amount	
At 31.12.2013	14,504

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

11. INTANGIBLE ASSETS (cont'd)

	Computer Software RM
Company	
Cost	
At 1.1.2012	31,237
Disposal	(1,088)
At 31.12.2012	30,149
Accumulated Amortisation	
At 1.1.2012	9,935
Charge for the financial year	3,033
Disposal	(180)
At 31.12.2012	12,788
Net carrying amount	
At 31.12.2012	17,361
At 1.1.2012	21,302

Trademark

Trademark relates to "Pick'N Brew" brand name for the Group's restaurant that was acquired in a business combination. As disclosed in Note 2.14 (ii), the useful life of this brand is estimated to be indefinite.

12. INVESTMENT PROPERTIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At fair value				
At beginning of the financial year	2,250,000	8,400,000	1,400,000	8,400,000
Addition	676,400	850,000	-	-
Disposal	-	(2,600,000)	-	(2,600,000)
Change in fair value	-	800,000	-	800,000
Reclassified to non-current assets held for sale (Note 24)	(850,000)	(5,200,000)	-	(5,200,000)
At end of the financial year	2,076,400	2,250,000	1,400,000	1,400,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

12. INVESTMENT PROPERTIES (cont'd)

a) Included in the above are:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Freehold land and building	-	850,000	-	-
Leasehold condominium	676,400	-	-	-
Leasehold land and building:				
- unexpired lease period of more than 50 years	1,400,000	1,400,000	1,400,000	1,400,000
	2,076,400	2,250,000	1,400,000	1,400,000

b) Fair value of investment properties are categorised as follows:-

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
31.12.2013				
Leasehold condominium	-	676,400	-	676,400
Leasehold land and building	-	1,400,000	-	1,400,000
	-	2,076,400	-	2,076,400

	Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
31.12.2013				
Leasehold land and building	-	1,400,000	-	1,400,000

Policy on Transfer between Levels

The fair value on an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 Fair Value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 Fair Value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair value of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

12. INVESTMENT PROPERTIES (cont'd)

b) (continued)

Transfer between Level 1 and Level 2 fair values
There is no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 Fair Value
Level 3 fair value is estimated using unobservable inputs for the investment properties.

13. INVESTMENT IN SUBSIDIARIES

		Company	
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Unquoted shares, at cost	83,168,802	83,168,802	83,168,802
Less: Impairment loss	(3,247,428)	(3,247,428)	(3,153,008)
	79,921,374	79,921,374	80,015,794

Particulars of the subsidiaries are as follows:

Name of Company	**Country of Incorporation**	**Principal Activities**	**Effective Equity Interest**		
			31.12.2013	**31.12.2012**	**1.1.2012**
CNI Enterprise (M) Sdn. Bhd.	Malaysia	Sale and distribution of health care and consumer products	100%	100%	100%
Exclusive Mark (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages	100%	100%	100%
Q-Pack (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of household and personal care products	100%	100%	100%
Symplesoft Sdn. Bhd.	Malaysia	Provision of information technology, shared services and e-commerce related services	100%	100%	100%
Infuso Sdn. Bhd.	Malaysia	Property trading and investment, supply of food and beverage	100%	100%	100%
Lotus Supplies Sdn. Bhd.	Malaysia	Import and distribution of food ingredients	70%	70%	70%

13. INVESTMENT IN SUBSIDIARIES (cont'd)

Particulars of the subsidiaries are as follows: (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 31.12.2013	31.12.2012	1.1.2012
Subsidiaries of 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%	100%
CNI Global (Malaysia) Sdn. Bhd.	Malaysia	Sale and distribution of health care and consumer products	100%	100%	*
Creative Network International (Thailand) Co., Ltd. #	Thailand	Dormant	49%	49%	49%
Subsidiaries of Infuso Sdn. Bhd.					
CNI Global (Malaysia) Sdn. Bhd.	Malaysia	Operation of food and beverage outlets, namely Otak-Otak Place	*	*	100%
Subsidiaries of Symplesoft Sdn. Bhd.					
Symplesoft eSolutions Sdn. Bhd.	Malaysia	Provision of software and e-commerce solutions	100%	100%	100%
Sierra Edge Sdn. Bhd.	Malaysia	Software research and development	60%	60%	60%
Subsidiaries of Exclusive Mark (M) Sdn. Bhd.					
Bright Way Avenue Sdn. Bhd.	Malaysia	Marketing and distributing coffee and other related beverage products	100%	100%	100%
Top One Biotech Co., Ltd. #	Taiwan	Manufacturing, sale and distribution of foodstuffs and groceries	70%	70%	70%

Audited by other professional firms of accountants other than Baker Tilly AC.

* In the previous financial year, restructuring took place within the Group where CNI Global (Malaysia) Sdn. Bhd. was transferred from Infuso Sdn. Bhd to CNI Enterprise (M) Sdn. Bhd. The transaction has no financial impact to the Group for the financial year ended 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

13.INVESTMENT IN SUBSIDIARIES (cont'd)

b) The subsidiaries of the Group that have non-controlling interests ('NCI') are as follows:-

	Lotus Supplies Sdn. Bhd. RM	Creative Network International (Thailand) Co., Ltd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
31.12.2013					
NCI percentage of ownership interest and voting interest	30%	51%	40%	30%	
Carrying amount of NCI	511,252	(204,877)	72,011	464,693	843,079
(Loss)/Profit allocated to NCI	(8,100)	(119,313)	29,422	(65,022)	(163,013)
31.12.2012					
NCI percentage of ownership interest and voting interest	30%	51%	40%	30%	
Carrying amount of NCI	519,352	(85,564)	42,589	529,715	1,006,092
(Loss)/Profit allocated to NCI	83,966	(166,105)	91,248	(149,912)	(140,803)
1.1.2012					
NCI percentage of ownership interest and voting interest	30%	51%	40%	30%	
Carrying amount of NCI	435,386	64,094	(248,619)	679,627	930,488
(Loss)/Profit allocated to NCI	93,464	(26,253)	(48,699)	(24,011)	(5,499)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

13.INVESTMENT IN SUBSIDIARIES (cont'd)

c) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:-

	Lotus Supplies Sdn. Bhd. RM	Creative Network International (Thailand) Co., Ltd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
31.12.2013					
Assets and liabilities					
Non-current assets	122,186	-	604,427	1,731,438	2,458,051
Current assets	1,580,180	402,364	100,366	424,426	2,507,336
Non-current liabilities	(10,520)	-	-	-	(10,520)
Current liabilities	(87,670)	(674,681)	(24,868)	(1,050,373)	(1,837,592)
Net assets/(liabilities)	1,604,176	(272,317)	679,925	1,105,491	3,117,275
Results					
Revenue	3,064,067	-	277,344	1,733,406	5,074,817
Profit/(Loss) for the financial year	(27,001)	(127,494)	73,555	(397,709)	(478,649)
Total comprehensive income	(27,001)	(127,494)	73,555	(397,709)	(478,649)
Cash flows from operating activities	232,777	100,761	119,281	(8,698)	444,121
Cash flows from investing activities	(2,413)	-	(169,694)	(176,246)	(348,353)
Cash flows from financing activities	(110,391)	-	-	346,969	236,578
Dividends paid to NCI	30,000	-	-	-	30,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

13.INVESTMENT IN SUBSIDIARIES (cont'd)

c) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:- (cont'd)

	Lotus Supplies Sdn. Bhd. RM	Creative Network International (Thailand) Co., Ltd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
31.12.2012					
Assets and liabilities					
Non-current assets	140,345	-	394,662	1,667,943	2,202,950
Current assets	1,708,747	64,397	296,816	224,353	2,294,313
Non-current liabilities	(12,500)	-	(4,400)	-	(16,900)
Current liabilities	(105,415)	(209,704)	(80,708)	(897,996)	(1,293,823)
Net assets/(liabilities)	1,731,177	(145,307)	606,370	994,300	3,186,540
Results					
Revenue	7,305,232	-	292,282	970,332	8,567,846
Profit/(Loss) for the financial year	279,889	(325,697)	228,119	(499,705)	(317,394)
Total comprehensive income	279,889	(325,697)	228,119	(499,705)	(317,394)
Cash flows from operating activities	624,616	7,791	73,527	(236,060)	469,874
Cash flows from investing activities	-	-	(318,650)	(1,269,017)	(1,587,667)
Cash flows from financing activities	(414,774)	32,250	499,900	535,360	652,736
Dividends paid to NCI	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

13.INVESTMENT IN SUBSIDIARIES (cont'd)

c) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:- (cont'd)

	Lotus Supplies Sdn. Bhd. RM	Creative Network International (Thailand) Co., Ltd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
1.1.2012					
Assets and liabilities					
Non-current assets	159,149	-	3,699	473,466	636,314
Current assets	1,806,334	163,890	117,027	1,361,491	3,448,742
Non-current liabilities	(14,300)	-	-	-	(14,300)
Current liabilities	(499,895)	(12,720)	(242,375)	(340,762)	(1,095,752)
Net assets/(liabilities)	1,451,288	151,170	(121,649)	1,494,195	2,975,004
Results					
Revenue	6,315,379	-	116,927	-	6,432,306
Profit/(Loss) for the financial year	311,548	(51,477)	(121,749)	(80,036)	58,286
Total comprehensive income	311,548	(51,477)	(121,749)	(80,036)	58,286
Cash flows from operating activities	1,345,147	143,371	3 ,730	-	1,492,248
Cash flows from investing activities	(345)	-	-	-	(345)
Cash flows from financing activities	(1,391,466)	209,400	100	-	(1,181,966)
Dividends paid to NCI	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

14. INVESTMENT IN ASSOCIATES

	Group		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Unquoted shares, at cost			
At the beginning of the financial year	667,249	18,000	18,000
Addition	3,500,000	649,249	-
	4,167,249	667,249	18,000
Share of post-acquisition reserves	(165,355)	(72,477)	(18,000)
At the end of the financial year	4,001,894	594,772	-

	Company		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Unquoted shares, at cost			
At the beginning of the financial year	18,000	18,000	18,000
Addition	3,500,000	-	-
At the end of the financial year	3,518,000	18,000	18,000

a) There is no quoted market price available for its share as these are private companies.

b) The details of the associates are stated as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest		
			31.12.2013	**31.12.2012**	**1.1.2012**
Agriscience Biotech (Malaysia) Sdn. Bhd.	Malaysia	Provision of consultancy services for agriculture in bio-technology industry and trading of full range of bio-technology products and services	30%	30%	30%
CNI Corporation Sdn. Bhd. #	Malaysia	Investment holding and provision of management service and commission agent	30%	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

14. INVESTMENT IN ASSOCIATES (cont'd)

b) The details of the associates are stated as follows: (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 31.12.2013	31.12.2012	1.1.2012
Associate of CNI Global (Malaysia) Sdn. Bhd.					
Tunas Citarasa Sdn. Bhd.#©	Malaysia	Operation of food and beverage outlets, namely Otak-Otak Place	-	49%	49%
Associate of Infuso Sdn. Bhd.					
Tunas Citarasa Sdn. Bhd.#©	Malaysia	Operation of food and beverage outlets, namely Otak-Otak Place	49%	-	-

\# Audited by another professional firms of accountants other than Baker Tilly AC.

© During the financial year, restructuring took place within the Group where Tunas Citarasa Sdn. Bhd. was transferred from CNI Global (Malaysia) Sdn. Bhd. to Infuso Sdn. Bhd. The transaction has no financial impact to the Group for the financial year ended 31 December 2013.

(c) The financial year end o f the above associates are coterminous with those of the Group.

(d) The summarised financial information of the associates are as follows:

	Group 31.12.2013 RM	31.12.2012 RM (Restated)	1.1.2012 RM (Restated)
Assets and liabilities			
Current assets	12,962,898	1,072,672	80,225
Non-current assets	8,462,599	374,438	2,235
Current liablities	(7,979,652)	(388,645)	(157,996)
Net assets/(liabilities)	13,445,845	1,058,465	(75,536)
Results			
Revenue	1,632,716	494,484	8,644
Profit/(Loss) for the financial year, representating the total comprehensive income for the financial year	11,979,306	(182,529)	(267,741)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

14.INVESTMENT IN ASSOCIATES (cont'd)

e) The reconciliation of net assets of the associates to the carrying amount of the investment in associate are follows:

	CNI Corporation Sdn. Bhd. RM	Tunas Citarasa Sdn. Bhd. RM	Total RM
2013			
Group's share of net assets	3,803,152	497,745	4,300,897
Goodwill	-	4,149	4,149
Unrecognised bargain purchase	(303,152)	-	(303,152)
Carrying amount in the statement of financial position	3,500,000	501,894	4,001,894
Share of results of the Group for the financial year ended 31 December 2013	-	(92,878)	(92,878)
Dividend received	-	-	-
2012			
Group's share of net assets		590,623	590,623
Goodwill		4,149	4,149
Carrying amount in the statement of financial position		594,772	594,772
Share of results of the Group for the financial year ended 31 December 2012		(54,477)	(54,477)
Dividend received		-	-

f) The Group has not recognised losses relating to an associate where its share of losses exceeds the Group's interest in this associate since the previous financial year. The unrecognised share of losses of an associate amounted to RM30,074 (2012: RM21,406) in the current financial year and RM88,728 (2012:RM58,654) cumulatively. The Group has no obligation in respect of these losses.

15.GOODWILL

	Group 2013 RM	Group 2012 RM (Restated)
Cost		
At beginning/end of the financial year	1,144,002	1,144,002
Accumulated impairment loss		
At beginning/end of the financial year	219,111	219,111
Net carrying amount	**924,891**	**924,891**

15.GOODWILL (cont'd)

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

	Group	
	2013	**2012**
	RM	**RM**
Food and beverages	96,103	96,103
Manufacturing	2,037	2,037
Marketing and trading	1,045,862	1,045,862
	1,144,002	1,144,002

Key assumptions used in value-in-use calculations

Goodwill is tested for impairment on annual basis by comparing the carrying amount with the recoverable amount of the CGU based on value-in-use. Value-in-use is determined by discounting the future cash flows based on financial budgets approved by management covering a one financial year period. The key assumptions used for value-in-use calculations are:

	Group	
	2013	**2012**
	RM	**RM**
Key assumptions used in value-in-use calculations		
Gross margin	24%	26%
Growth rate	24%	50%
Discount rate	11.8%	5.5%

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

Gross margin - Gross margin is based on management assessment on average supply price over few 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.

15. GOODWILL (cont'd)

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 subsidiaries which are loss-making as a results of poor performance from these subsidiaries, hence the related goodwill had been impaired accordingly.

16. OTHER INVESTMENTS

		Group	
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Non-current			
Available-for-sale financial assets:			
- equity instruments (unquoted), at cost	2,000,000	2,000,000	2,000,000
Less: Impairment loss	(745,988)	-	-
	1,254,012	2,000,000	2,000,000
Current			
Held for trading investment:			
- short term fund (quoted) (Note 35)	26,878,517	29,362,315	24,945,821
Total investments	29,386,541	33,362,315	28,945,821
Market value of quoted investments	26,878,517	29,362,315	24,945,821

		Company	
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Non-current			
Available-for-sale financial assets:			
- equity instruments (unquoted), at cost	2,000,000	2,000,000	2,000,000
Less: Impairment loss	(745,988)	-	-
	1,254,012	2,000,000	2,000,000
Current			
Held for trading investment:			
- short term fund (quoted) (Note 35)	4,273,541	3,031,626	-
Total investments	6,781,565	7,031,626	4,000,000
Market value of quoted investments	4,273,541	3,031,626	-

(a) 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 2013 (cont'd)

16. OTHER INVESTMENTS (cont'd)

(b) Short term fund represents investments in highly liquid money market, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.

The short term fund are mainly designed to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integrated part of the overall cash management.

17. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Deferred tax assets/ (liabilities)				
At beginning of the financial year	2,337,345	1,802,362	1,141,000	1,195,100
Recognised in profit or loss (Note 7)	(146,171)	534,983	1,408,425	(54,100)
At end of the financial year	2,191,174	2,337,345	2,549,425	1,141,000

Presented after appropriate off-setting as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	3,090,118	3,738,550	2,635,353	1,178,000
Deferred tax liabilities	(898,944)	(1,401,205)	(85,928)	(37,000)
	2,191,174	2,337,345	2,549,425	1,141,000

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

	2013	**2012**
Group	**RM**	**RM**
Deferred tax assets		
Provision for obsolete inventories	-	100,700
Provision for employee benefits	282	38,400
Retirement benefits	1,058,083	2,382,000
Unabsorbed reinvestment allowances	-	10,800
Unrealised loss on foreign exchange	4,481	-
Unutilised tax losses	1,596,307	865,421
Unrealised profits on inventories	430,965	341,229
	3,090,118	3,738,550

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

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

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

	2013	2012
Group	**RM**	**RM**
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(569,435)	(1,401,205)
Effect of real property gain tax	(281,264)	-
Unrealised loss on foreign exchange	(48,245)	-
	(898,944)	(1,401,205)
Company		
Deferred tax assets		
Retirement benefits	1,058,083	307,000
Provision for employee benefits	282	6,300
Unrealised loss on foreign exchange	2,791	-
Unabsorbed capital allowances	-	2,900
Unutilised tax losses	1,574,197	861,800
	2,635,353	1,178,000
Deferred tax liabilities		
Unrealised gain on foreign exchange	-	(4,000)
Differences between the carrying amounts of property, plant and equipment and their tax bases	(15,928)	(33,000)
Effect of real property gain tax	(70,000)	-
	(85,928)	(37,000)

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

	2013	2012
Group	**RM**	**RM**
Unabsorbed capital allowances	697,168	520,342
Unutilised tax losses	12,795,482	9,957,321
	13,492,650	10,477,663

18. INVENTORIES

	31.12.2013	31.12.2012	1.1.2012
	RM	RM	RM
Group			
At cost			
Raw materials	163,579	170,222	3,180,202
Work-in-progress	192,788	129,642	112,164
Consumable tools	169,934	159,560	166,131
Packaging materials	-	87,000	1,574,268
Merchandised goods	7,952,017	5,647,040	7,895,158
Finished goods	549,130	433,738	1,170,201
Sales aid items	62,550	536,544	668,260
Completed properties	-	4,327,488	4,327,488
	9,089,998	11,491,234	19,093,872
At net realisable value			
Raw materials	4,457,034	4,385,754	1,314,429
Packaging materials	2,333,827	2,058,014	574,648
Merchandised goods	115,140	153,186	-
Finished goods	519,054	498,724	95,045
Consumable tools	300	300	420
	16,515,353	18,587,212	21,078,414
Company			
At net realisable value			
Consumable tools	300	300	420

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM33,301,260 (2012:RM34,741,384). In addition, the amounts recognised in the cost of sales include the following:

	2013	2012
	RM	RM
Inventories written (back)/down	(85,129)	140,000
Inventories written off	269,540	298,721
	184,411	438,721

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

19. TRADE RECEIVABLES

	Group		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Third parties	7,626,049	7,282,966	7,378,643
Related parties	8,927,378	2,168,836	1,534,119
	16,553,427	9,451,802	8,912,762
Less: Impairment loss			
- Third parties	(557,344)	(465,059)	(465,059)
- Related parties	(372,938)	(117,956)	(118,202)
	(930,282)	(583,015)	(583,261)
Trade receivable, net	15,623,145	8,868,787	8,329,501

	Company		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Third parties	65,931	77,110	119,641
Less: Impairment loss	(51,214)	-	-
	14,717	77,110	119,641

(a) Credit term of trade receivables

The Group's and the Company's normal trade credit term extended to customers ranging from 30 to 120 days (31.12.2012 and 1.1.2012: 30 to 120 days) and within 30 days (31.12.2012: 30 days; 1.1.2012: 30 days) respectively.

Included in the trade receivables of the Group is an amount owing by a related party of RM6,219,055 (31.12.2012 and 1.1.2012: Nil) for the repurchase of completed properties during the financial year which bears late payment interest at a rate of 1% per month of the total repurchase price after expiry of the completion date of the repurchase in June 2013.

(b) Ageing analysis of trade receivables

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

	Group		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Neither past due nor impaired	11,514,859	5 ,084,994	4,904,688
1 to 30 days past due not impaired	1,821,385	1,987,848	998,786
31 to 60 days past due not impaired	1,200,069	737,510	1,214,125
61 to 90 days past due not impaired	40,335	420,916	41,811
More than 91 days past due not impaired	858,552	616,336	1,126,528
	3,920,341	3,762,610	3,381,250
Impaired	1,118,227	604,198	626,824
	16,553,427	9,451,802	8,912,762

19. TRADE RECEIVABLES (cont'd)

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

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

	Company		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Neither past due nor impaired	-	16,398	24,800
1 to 30 days past due not impaired	-	2,472	20,035
More than 91 days past due not impaired	14,717	5 8,240	74,806
	14,717	60,712	94,841
Impaired	51,214	-	-
	65,931	77,110	119,641

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,920,341 (31.12.2012: RM3,762,610; 1.1.2012: RM3,381,250) and RM14,717 (31.12.2012: RM60,712; 1.1.2012: RM94,841) 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.

Receivables that are impaired

The trade receivables that are impaired at the end of each reporting date are as follows:

	Individually impaired		
	31.12.2013	**31.12.2012**	**1.1.2012**
Group	**RM**	**RM**	**RM**
Trade receivables (nominal amounts)	1,118,227	604,198	626,824
Less: Impairment loss	(930,282)	(583,015)	(583,261)
	187,945	21,183	43,563

19. TRADE RECEIVABLES (cont'd)

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

Receivables that are impaired (cont'd)

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 impairment loss:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At 1 January	583,015	583,261	-	-
Charge for the financial year (Note 6)	320,847	-	51,214	-
Written off	-	(246)	-	-
Exchange difference	26,420	-	-	-
At 31 December	930,282	583,015	51,214	-

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

	Group		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Brunei Dollars	-	22,914	1,979
Singapore Dollars	3,107,948	2,361,231	1,880,436
Thailand Baht	51,409	29,740	14,857
United States Dollars	2,014,150	2,356,977	2,327,410

(d) Details on related parties transactions are disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group	
	31.12.2013	31.12.2012	1.1.2012
	RM	RM	RM
Non-current		(Restated)	(Restated)
Other receivables	-	-	15,400
Current			
Advance to suppliers	803,700	54,319	106,344
Other receivables	1,000,390	557,436	382,502
Deposits	1,535,118	1,582,531	1,531,489
Prepayments	553,703	747,516	658,634
	3,892,911	2,941,802	2,678,969
Less: Impairment loss			
- Other receivables	(1,695)	-	-
	3,891,216	2,941,802	2,678,969
	3,891,216	2,941,802	2,694,369

		Company	
	31.12.2013	31.12.2012	1.1.2012
	RM	RM	RM
Current			
Other receivables	186,467	61,407	63,157
Deposits	67,257	49,031	71,628
Prepayments	33,994	178,283	29,210
	287,718	288,721	163,995

Included in the other receivables of the Group are amounts owing by related companies amounting to RM317,957 (31.12.2012: RM448,794; 1.1.2012: RM108,765). These amounts are non-trade in nature, unsecured, interest free and repayable upon demand in cash and cash equivalents.

Details on related parties transactions are disclosed in Note 37.

21. AMOUNTS OWING BY ASSOCIATES

These amounts are non-trade in nature, unsecured, interest free and repayable upon demand in cash and cash equivalents except for an amount owing by an associate of RM100,000 (31.12.2012: RM100,000; 1.1.2012: RM 100,000) which bears interest at a rate of 3.75% (31.12.2012 and 1.1.2012: 3.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

22.AMOUNTS OWING BY/TO SUBSIDIARIES

	Company		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Amounts owing by subsdiaries	16,801,312	16,928,067	16,750,030
Less: Impairment loss	(2,000,000)	(2,000,000)	-
	14,801,312	14,928,067	16,750,030
Amounts owing by subsdiaries	10,870	-	-

These amounts are non-trade in nature, unsecured, interest free, payable upon demand in cash and cash equivalents except for amounts owing by two subsidiaries in the previous financial year totalling RM8,236,188 (1.1.2012: RM7,619,722) which bore interest at a rate of 3.75% (1.1.2012: 3.75%) per annum.

23.CASH AND BANK BALANCES

	Group		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Cash and bank balances	6,870,585	9,844,641	11,400,655
Cash deposits with licensed banks	-	-	1,650,000
	6,870,585	9,844,641	13,050,655

	Company		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Cash and bank balances	467,347	507,103	1,924,865

As at 1 January 2012, the cash deposits with licensed banks of the Group bore effective interest at a rate of 2.48% per annum and mature within one year.

23. CASH AND BANK BALANCES (cont'd)

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

	31.12.2013	31.12.2012	1.1.2012
	RM	RM	RM
Brunei Dollars	88,953	159,061	745,898
Chinese Renminbi	3,552	26	21,665
Euro	16,073	11,463	-
Hong Kong Dollars	1,534	-	-
Indian Rupee	659	659	780
Japanese Dollars	2,122	-	-
Singapore Dollars	566,146	85,326	55,052
Sri Lanka Rupee	-	100	-
United States Dollars	1,798,787	501,255	1,879,600
Vietnamese Dollars	104	98	-
Taiwan Dollars	222,871	54,054	1,010,308
Thai Baht	146,048	-	-
	2,846,949	812,042	3,713,303

24. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At beginning of the financial year	5,465,000	1,165,000	5,465,000	1,165,000
Disposal	(5,465,000)	(900,000)	(5,465,000)	(900,000)
Reclassified from property, plant and equipment (Note 9)	525,250	-	-	-
Reclassified from investment properties (Note 12)	850,000	5,200,000	-	5,200,000
	1,375,250	5,465,000	-	5,465,000

The following are held under lease terms:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Freehold land and buildings	1,375,250	-	-	-
Leasehold condominium	-	265,000	-	265,000
Leasehold land and buildings:				
- unexpired lease period of more than 50 years	-	5,200,000	-	5,200,000
	1,375,250	5,465,000 -		5,465,000

24. NON-CURRENT ASSETS HELD FOR SALE (cont'd)

During the financial year, a subsidiary of the Company entered into a Sale and Purchase Agreement to dispose one unit of 2-storey shoplot and one unit of 2½-storey terrace house for a cash consideration of RM900,000 each. The disposal of the properties will be completed in 2014.

On 31 December 2012, the Company entered into a Sale and Purchase Agreement to dispose one unit of 6-storey shoplot and one unit of 5-storey shoplot for a cash consideration of RM2,600,000 each. The disposal of the investment properties was completed in 2013.

On 1 January 2012, 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.

25. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2013	2012	2013	2012
Authorised			RM	RM
Ordinary shares of RM0.10 each:				
At the beginning/				
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/				
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 assets.

26. 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 20 June 2013, 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 2013 (cont'd)

26. TREASURY SHARES (cont'd)

During the financial year, the Company repurchased a total of 354,100 ordinary shares (2012: 1,992,400) of its issued and fully paid-up capital from the open market at an average price of RM0.105 (31.12.2012: RM0.134; 1.1.2012: RM0.165) per ordinary share. The total consideration paid for the repurchased shares including transaction costs was RM37,453 (2012: RM267,591).

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 RM1,639,932 (31.12.2012: RM1,602;479; 1.1.2012: RM1,334,888) as at financial year end.

As at 31 December 2013, the Company had a total of 6,388,100 (31.12.2012: 6,034,000) ordinary shares of its 720,000,000 ordinary shares as treasury shares.

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**
31.12.2013					
March 2013	100,000	0.105	0.105	0.105	10,577
September 2013	254,100	0.105	0.105	0.105	26,876
	354,100				37,453
31.12.2012					
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

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

27. OTHER RESERVES

(a) Currency 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 as at 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

28. FINANCE LEASE PAYABLES

		Group	
	31.12.2013	31.12.2012	1.1.2012
	RM	RM	RM
Gross instalment payments	14,400	19,800	25,200
Less: Future finance charges	(2,308)	(4,329)	(6,977)
Total present value of finance lease payables	12,092	15,471	18,223
Payable within one year			
Gross instalment payments	5,400	5,400	5,400
Less: Future finance charges	(1,390)	(2,020)	(2,649)
Present value of finance lease payables	4,010	3,380	2,751
Payable more than 1 year but not more than 2 years			
Gross instalment payments	5,400	5,400	5,400
Less: Future finance charges	(761)	(1,390)	(2,020)
Present value of finance lease payables	4,639	4,010	3,380
Payable more than 2 years but not more than 5 years			
Gross instalment payments	3,600	9,000	14,400
Less: Future finance charges	(157)	(919)	(2,308)
Present value of finance lease payables	3,443	8,081	12,092
Total present value of finance lease payables	12,092	15,471	18,223

The finance lease payables of the Group bear effective interest at a rate of 12.05% (31.12.2012: 14.80%; 1.1.2012: 9.37%) per annum.

29. TERM LOAN

	Group		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Secured			
Due within 1 year	26,056	31,687	29,397
Due after 1 year	-	25,703	57,471
	26,056	57,390	86,868

The term loan of a subsidiary has not been fully drawn down and term loan interest is being charged at a rate of 7.10% (31.12.2012: 6.80% to 7.10%; 1.1.2012: 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.

30. RETIREMENT BENEFITS

The movements in the defined benefit obligation in the statements of financial position are as follows:

	Group	
	2013	**2012**
	RM	**RM**
		(Restated)
At beginning of the financial year	10,256,678	13,996,616
Current service costs and interest (Note 6)	400,905	529,195
Remeasurement of actuarial loss/(gain) from:		
- financial assumption	70,150	399,561
- experience	143,392	(292,164)
Benefits paid	(3,633,105)	(4,376,530)
At end of the financial year	7,238,020	10,256,678

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

30. RETIREMENT BENEFITS (cont'd)

	Company	
	2013	**2012**
	RM	**RM**
		(Restated)
At beginning of the financial year	7,042,608	10,988,273
Current service costs and interest (Note 6)	248,237	369,752
Remeasurement of actuarial loss/(gain) from:		
- financial assumption	35,424	261,674
- experience	241,675	(200,561)
Benefits paid	(3,633,105)	(4,376,530)
At end of the financial year	3,934,839	7,042,608

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

	Group/Company	
	2013	**2012**
	RM	**RM**
Discount rate	4.60%	4.75%
Inflation rate	3.00%	3.00%
Salary increase rate	3.00%	3.00%

(b) Sensitivity analysis

Reasonable possible change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined benefit obligation	
2013	**Increase**	**Decrease**
Group	**RM**	**RM**
Discount rate (1% movement)	4 88,497	(453,116)
Inflation rate (1% movement)	463,936	(439,679)
Salary increase (1% movement)	463,936	(439,679)
2013		
Company		
Discount rate (1% movement)	245,918	(229,316)
Inflation rate (1% movement)	234,850	(223,722)
Salary increase (1% movement)	234,850	(223,722)

Sensitivity disclosure for the defined benefit obligation for comparative period (financial year ended 31 December 2012) have not been provided as permitted under MFRS 119 (Revised).

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

31. TRADE PAYABLES

The normal trade credit term granted by the trade creditors to the Group ranges from 30 to 90 days (31.12.2012 and 1.1.2012: 30 to 90 days).

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

	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Group			
Singapore Dollars	116,327	184,789	1,161
United States Dollars	981,484	1,516,116	392,990

32. OTHER PAYABLES, DEPOSITS AND ACCRUALS

		Group	
	31.12.2013 RM	31.12.2012 RM (Restated)	1.1.2012 RM (Restated)
Advances from customers	1,309,488	1,669,442	962,871
Other payables	1,634,538	1,959,249	565,337
Deposits	2,248,546	2,622,228	3,040,924
Accruals	5,960,191	5,707,866	5,267,209
	11,152,763	11,958,785	9,836,341

		Company	
	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Other payables	184,018	634,575	101,136
Deposits	89,079	154,829	236,279
Accruals	98,356	261,793	103,940
	371,453	1,051,197	441,355

Included in other payables of the Group are amounts owing to related parties amounting to RM594,843 (31.12.2012: RM137,238; 1.1.2012: RM137,932). These amounts are non-trade in nature, unsecured, interest free and repayable upon demand in cash and cash equivalents.

Details on related parties transactions are disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

33. PROVISION FOR EMPLOYEE BENEFITS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
At beginning of the financial year	160,570	220,802	25,488	36,098
Additions	45,598	160,570	1,173	25,488
Reversal	(160,570)	(220,802)	(25,488)	(36,098)
Reversal of employee benefits (Note 6)	(114,972)	(60,232)	(24,315)	(10,610)
At end of the financial year	45,598	160,570	1,173	25,488

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 end of the financial year.

34. DIVIDENDS

	Group/Company	
	2013	**2012**
	RM	**RM**
Recognised during the financial year		
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
Interim dividend of RM0.004 per share less 25% tax based on 713,866,000 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2012	2,141,598	-

The Company declared a single tier interim dividend of RM0.003 per ordinary share based on 713,511,900 ordinary shares amounting to RM2,140,536 in respect of the current financial year and paid to the shareholders on 17 April 2014, whose names appear on the Record of Depositors on 20 March 2014. 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 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

35. CASH AND CASH EQUIVALENTS

	Group		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Cash and bank balances (Note 23)	6,870,585	9,844,641	13,050,655
Short term fund (Note 16)	26,878,517	29,362,315	24,945,821
	33,749,102	39,206,956	37,996,476

	Company		
	31.12.2013	**31.12.2012**	**1.1.2012**
	RM	**RM**	**RM**
Cash and bank balances (Note 23)	467,347	507,103	1,924,865
Short term fund (Note 16)	4,273,541	3,031,626	-
	4,740,888	3,538,729	1,924,865

36. CAPITAL COMMITMENTS

	31.12.2013	**31.12.2012**	**1.1.2012**
Group	**RM**	**RM**	**RM**
In respect of capital expenditure approved and contracted for:			
- Purchase of property, plant and equipment	-	91,000	142,619
- Committed capital work-in-progress	35,774	35,774	35,774
- Acquisition of other intangible assets	-	2,400	12,500
	35,774	129,174	190,893
In respect of capital expenditure approved and not contracted for:			
- Purchase of property, plant and equipment	2,793,440	1,606,582	763,280

37. 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 subsidiaries, associates, key management personnel and related parties. Related parties refer to companies in which certain directors of the Company have substantial financial interests and/or are also directors of the companies.

(b) Transactions with related parties are as follows:

	Group	
	2013	**2012**
	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	(8,040,177)	(662,132)
- Rental income	(469,380)	(282,610)
- Management fee	264,146	287,853
- Rental charge	72,700	84,000
- Research and development expenditure	438,131	391,543
- Purchase of goods	471,040	482,312
- Hotel services	89,103	22,076
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	263,002	244,881
- Purchase of goods	(3,215,008)	(3,835,742)
Transaction(s) with a company in which the director(s) of the Company, is/are also director(s) is(are) as follows:-		
- Sales	-	(110,268)

Information regarding outstanding balances arising from related parties transactions at each reporting date are disclosed in Notes 19, 20, 21 and 32.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

37. RELATED PARTIES TRANSACTIONS (cont'd)

(c) Transactions with related parties are as follows:

	Company	
	2013	**2012**
	RM	**RM**
Transactions with subsidiaries are as follows:		
- Management fee income received and receivable	(4,259,210)	(4,134,747)
- Dividend income (gross) received and receivable	(5,760,000)	(4,316,667)
- Interest income received and receivable	-	(21,635)
- Disposal of intangible assets	(686)	(2,144)
- Disposal of property, plant and equipment	(50,000)	-
- Purchase of intangible assets	856	-
- Purchase of property, plant and equipment	2,024	-
- Purchase of products and food	104,354	277,107
- Rental of premises paid and payable	183,480	183,480
- Information communication technologies shared charges paid and payable	71,712	214,343
Transactions with associate is as follows:		
- Interest income received and receivable	(3,987)	(3,808)
Transactions with director is as follows:		
- Disposal of property, plant and equipment	(1,815)	-

(d) Compensation of key management personnel

Key management personnel include 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	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Short term employees benefits	4,519,455	4,640,769	1,351,216	1,666,307
Post-employment benefits	843,640	1,125,907	353,929	522,060
	5,363,095	5,766,676	1,705,145	2,188,367

38. 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:

	Company	
	2013	**2012**
	RM	**RM**
Not later than one year	436,592	239,093
Later than one year but not later than five years	135,902	169,359
	572,494	408,452

39. 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, trading of properties, provision of software solution and software research and development
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 profit or loss and other 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 2013 (cont'd)

39. SEGMENT INFORMATION (cont'd)

	Note	Investment Holding RM	Manufacturing RM	Marketing & Trading RM	Food & Beverages RM	Adjustments & Eliminations RM	Consolidated RM
2013							
Revenue							
External revenue		199,515	14,964,671	95,767,991	1,047,513	-	111,979,690
Inter-segment revenue	a	10,019,210	28,101,805	6,261,475	573,391	(44,955,881)	-
Total revenue		10,218,725	43,066,476	102,029,466	1,620,904	(44,955,881)	111,979,690
Result							
Income distribution from short term funds		166,443	100,626	584,855	-	-	851,924
Interest income		17,695	39,996	44,605	578	(21,707)	81,167
Dividend income		5,760,000	-	-	-	(5,760,000)	-
Depreciation and amortisation		(95,641)	(1,665,521)	(1,972,310)	(137,096)	(113,618)	(3,984,186)
Share of results of associates		(54,477)	-	-	(38,401)	-	(92,878)
Other non-cash expenses	b	(278,333)	(87,218)	(1,380,841)	(5,102)	910,551	(840,943)
Segment profit/(loss)	c	4,696,522	(1,374,289)	1,216,241	1,758,758	(6,504,851)	(207,619)
Segment Assets							
Investment in associates		3,518,000	-	-	649,249	(165,355)	4,001,894
Additions to non-current assets	d	3,279	777,932	1,752,300	860	(5,199)	2,529,172
Segment assets	e	109,457,178	35,679,342	84,947,242	10,685,308	(115,215,960)	125,553,110
Segment liabilities	f	4,318,335	10,178,423	28,171,741	15,436,225	(34,700,348)	23,404,376

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

39. SEGMENT INFORMATION (cont'd)

	Note	Investment Holding RM	Manufacturing RM	Marketing & Trading RM	Food & Beverages RM	Adjustments & Eliminations RM	Consolidated RM
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							
Fair value adjustment on investment properties		800,000	-	-	-	-	800,000
Income distribution from short term funds		16,057	445,016	366,836	-	-	(827,909)
Interest income		47,440	44,212	51,099	-	(31,051)	111,700
Dividend income		4,316,667	-	445,016	-	(4,761,683)	-
Depreciation and amortisation		(65,728)	(1,753,676)	(1,845,499)	(192,420)	(201,623)	(4,058,946)
Share of results of associates		(54,477)	-	-	-	-	(54,477)
Other non-cash expenses	b	(372,764)	(290,333)	(473,837)	(273,001)	-	(1,409,935)
Segment profit/(loss)	c	3,836,579	(3,691,250)	4,746,535	(799,365)	(2,644,731)	1,447,768
Segment Assets							
Investment in associates		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	(110,918,883)	131,696,552
Segment liabilities	f	8,119,293	10,410,229	20,827,573	16,675,428	(29,739,474)	26,293,049

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

39. SEGMENT INFORMATION (cont'd)

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

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

	2013	2012
	RM	RM
Inventories written off	269,540	298,721
Inventories written (back)/down	(85,129)	140,000
Retirement benefits expense	400,905	529,195
Bad debts written off	170	8,562
Impairment loss recognised on trade receivables	320,847	-
Impairment loss recognised on other receivable	1,695	-
Net reversal of employee benefits	(114,972)	(60,232)
Property, plant and equipment written off	47,887	493,689
	840,943	1,409,935

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

	2013	2012
	RM	RM
Share of results of associates	(92,878)	(54,477)
Profit from inter-segment sales	(13,749,111)	(10,046,160)
Finance costs	22,112	30,854
Unallocated corporate expenses	10,543,441	10,067,324
Other income	(3,228,415)	(2,642,272)
	(6,504,851)	(2,644,731)

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

	2013	2012
	RM	RM
Property, plant and equipment	1,374,519	3,781,814
Other intangible assets	478,253	602,636
Investment properties	676,400	850,000
	2,529,172	5,234,450

39. 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:

	2013	2012
	RM	RM
Deferred tax assets	430,965	326,028
Inter-segment assets	(115,646,925)	(111,244,911)
	(115,215,960)	(110,918,883)

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

	2013	2012
	RM	RM
Inter-segment liabilities	(34,700,348)	(29,739,474)

Geographical Information

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

	2013	2012
	RM	RM
Australia	13,043	83,757
Brunei	5,521,929	5,503,822
Cambodia	-	67,539
Canada	94,910	-
China	2,559,023	985,701
Hong Kong	742,956	1,588,842
India	18,268	14,576
Indonesia	3,712,023	2,425,131
Malaysia	93,187,679	98,838,170
Philipines	54,101	33,289
United States of America	808,007	515,317
Singapore	4,680,120	5,326,303
Sri Lanka	19,723	-
Thailand	567,908	336,231
Others	-	100,051
	111,979,690	115,818,729

39. 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 location.

	Malaysia	Singapore	Consolidated
	RM	RM	RM
At 31.12.2013			
Property, plant and equipment	39,114,757	145,486	39,260,243
Capital work-in-progress	1	-	1
Investment properties	2,076,400	-	2,076,400
Investment in associates	4,001,894	-	4,001,894
Goodwill	924,891	-	924,891
Intangible assets	2,715,654	-	2,715,654
Total non-current assets	48,833,597	145,486	48,979,083
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 associates	594,772	-	594,772
Goodwill	924,891	-	924,891
Intangible assets	2,741,759	-	2,741,759
Total non-current assets	48,479,342	155,043	48,634,385

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 20 December 2013, the Company entered into an agreement to subscribe for 3,500,000 newly issued ordinary shares of RM1 each of CNI Corporation Sdn. Bhd. ("CNI Corp"), representing 30% of the issued and paid up share capital of CNI Corp for total cash consideration of RM3,500,000.

41. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

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

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.

Exposure to credit risk

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

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 19. 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 19.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 19.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (cont'd)

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

(b) Liquidity Risk (cont'd)

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

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
31.12.2013					
Financial liabilities:					
Trade payables	3,980,803	3,980,803	3,980,803	-	-
Other payables	11,152,763	11,152,763	11,152,763	-	-
Finance lease payables	12,092	14,400	5,400	5,400	3,600
Term loan	26,056	34,620	26,533	8,087	-
	15,171,714	15,182,586	15,165,499	13,487	3,600
31.12.2012					
Financial liabilities:					
Trade payables	2,435,457	2,435,457	2,435,457	-	-
Other payables	11,958,785	11,958,785	11,958,785	-	-
Finance lease payables	15,471	19,800	5,400	5,400	9,000
Term loan	57,390	61,153	34,620	26,533	-
	14,467,103	14,475,195	14,434,262	31,933	9,000
1.1.2012					
Financial liabilities:					
Trade payables	2,708,017	2,708,017	2,708,017	-	-
Other payables	9,836,341	9,836,341	9,836,341	-	-
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
	12,649,449	12,665,331	12,584,378	40,020	40,933

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

(b) Liquidity Risk (cont'd)

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

Company	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
31.12.2013					
Financial liability:					
Other payables	371,453	371,453	371,453	-	-
31.12.2012					
Financial liability:					
Other payables	1,051,197	1,051,197	1,051,197	-	-
1.1.2012					
Financial liability:					
Other payables	441,355	441,355	441,355	-	-

(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.

The Group manages its interest rate yield by prudently placing deposits with varying maturity periods.

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

Sensitivity analysis for interest rate risk

Interest bearing financial assets and liabilities of the Group and of the Company are exposed to changes in market interest rates. However, the volatility of these interest rates is considered low, and hence, sensitivity analysis for interest rate risk is not presented.

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

(d) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies 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) amounted to RM2,846,949 (31.12.2012: RM812,042; 1.1.2012: RM3,713,303).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in Singapore, Taiwan and Thailand are not hedged as currency positions in the functional currency of respective countries are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss 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	
		2013	**2012**
		RM	**RM**
		Loss net of tax	
USD/RM	- strengthhen by 7%	(165,950)	(7,058)
	- weaken by 7%	165,950	7,058
SGD/RM	- strengthhen by 7%	(225,380)	(118,742)
	- weaken by 7%	225,380	118,742

(e) Market Price Risk

Market price 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 prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risk arising from its investment in quoted short term fund. These instruments are classified as held for trading. The Group and the Company do not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

Quoted investments of the Group and of the Company are exposed to changes in market quoted prices. However, the volatility of these investments' prices is considered low, and hence, sensitivity analysis for equity price risk is not presented.

42. 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 2013, 31 December 2012 and as at 1 January 2012.

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

	2013 RM	2012 RM
Total debt	38,148	72,861
Total equity	102,148,734	105,403,503
Debt to equity	0.04%	0.07%

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

43. 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 the 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.

43.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 31.12.2013	**RM**	**RM**	**RM**	**RM**
Financial Assets				
Unquoted equity instruments	1,254,012	*	1 ,254,012	*
Financial Liabilities				
Finance lease payables	12,092	12,282	-	-
At 31.12.2012				
Financial Assets				
Unquoted equity instruments	2,000,000	*	2 ,000,000	*
Financial Liabilities				
Finance lease payables	15,471	15,816	-	-
At 1.1.2012				
Financial Assets				
Unquoted shares	2,000,000	*	2,000,000	*
Financial Liabilities				
Finance lease payables	18,223	18,121	-	-

* Fair value information has not been disclosed for the Group's and the Company's investment in unquoted 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.

44. FAIR VALUE HIERARCHY

(a) Policy on transfer between levels

The fair value of the asset and liability to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

(b) 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).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

(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).

44. FAIR VALUE HIERARCHY

As at 31 December 2013, the Group and the Company held the following financial instruments carried at fair values on the statements of financial position:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31.12.2013										
Financial assets										
Held for trading investment										
- short term fund	26,878,517	-	-	26,878,517	-	-	-	-	26,878,517	26,878,517
Financial liabilities										
Other financial liabilities										
- finance lease payable	-	-	-	-	-	12,282	-	12,282	12,282	12,092
- term loan	-	-	-	-	-	26,056	-	26,056	26,056	26,056
	-	-	-	-	-	38,338	-	38,338	38,338	38,148
Company										
At 31.12.2013										
Financial assets										
Held for trading investment										
- short term fund	4,273,541	-	-	4,273,541	-	-	-	-	4,273,541	4,273,541

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C3 of MFRS 13.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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 2013 and 31 December 2012 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	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	61,960,073	49,240,568	30,845,899	29,495,030
- unrealised	4,453,652	4,499,705	3,932,876	2,557,495
Total share of accumulated losses from associates:				
- realised	(165,355)	(72,478)	-	-
Consolidation adjustments	(35,073,986)	(19,456,836)	-	-
Total retained earnings	31,174,384	34,210,959	34,778,775	32,052,525

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 2013 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 31.12.13 (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	17	29,447	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 / (Non-current asset held for sale)	1,650 / 3,300	Freehold	6	533	3 Jan 2011 / 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)	7	1,400	19 Jun 2008 / 20 Dec 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 / (Non-current asset held for sale)	1,650 sq meter	Freehold	13	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 2013, 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 354,100 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 2013	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	0.105	0.105	0.105	0.106	10,577
September	254,100	0.105	0.105	0.105	0.106	26,876

* 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 2013, a total of 6,388,100 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 2013.

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

During the financial year ended 31 December 2013, 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 2013 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 2013 and the unaudited financial results for the year ended 31 December 2013 announced by the Company on 28 February 2014.

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 37 to the Financial Statements on pages 136 to 137 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 2013 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 20 June 2013, 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 2013 pursuant to the said shareholders' mandate are disclosed as follows:

Transacting Party	Company within CNI 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	264,146	Provision of management services to CNIE
		Tan Sia Swee		
	CNIE	Chew Boon Swee	113,400	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
		Law Yang Ket		
		Cheong Chin Tai		
	Symplesoft Sdn Bhd ("Symplesoft")	Gan Chooi Yang	304,183	Provision of IT and e-commerce related services by Symplesoft
CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd ("EM")	Dato' Koh Peng Chor	335,152	Provision of research, development and testing services to EM
		Tan Sia Swee		
	Q-Pack (M) Sdn Bhd ("Q-Pack")	Chew Boon Swee	102,979	Provision of research, development and testing services to Q-Pack
		Gan Chooi Yang		
	CNIE		116,400	Rental of premises bearing postal address No. 2, Jalan U1/17, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
Citra Nusa Insancemerlang Investment Company	EM	Dato' Koh Peng Chor	37,572	Patent fee paid by EM for licence to use and manufacture products
		Tan Sia Swee		
		Chew Boon Swee		
	Q-Pack	Law Yang Ket	37,572	Patent fee paid by Q-Pack for licence to use and manufacture products
		Gan Chooi Yang		
PC Marketing Sdn Bhd	Q-Pack	Dato' Koh Peng Chor	24,750	Rental of premises bearing postal address No. 11A & 11B Jalan 25/64, 40400 Shah Alam, Selangor
		Datin Chuah Tek Lan		
		Koh How Loon		
	EM		47,950	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 CNI Group	Interested Related Parties	Amount Transacted during the financial year RM	Nature of transactions
CNI IPHC	CNIE	Dato' Koh Peng Chor	187,858	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")	Tan Sia Swee	67,285	Sales of products to CNIS
		Gan Chooi Yang		
CNI (China) Co., Ltd	EM	Tan Sia Swee	103,813	Supply of royal jelly powder and honey to EM
		Chew Boon Swee		
	CNIE	Law Yang Ket	163,132	Supply of bee's products to CNIE
	EM	Gan Chooi Yang	237,254	Purchase of goods from EM
Leader Regent Inc	EM	Dato' Koh Peng Chor	856,917	Contract manufacturing customer of EM
		Wong Siew Fong		
		Gan Chooi Yang		
Sepang Goldcoast Sdn Bhd	CNIE	Dato' Koh Peng Chor	145,6011	Purchase of goods and services from CNIE
		Gan Chooi Yang		
	CNIE		239,940	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	565,450	Purchase of goods from CNIE
		Gan Chooi Yang		
	EM		2,481,822	Purchase of goods from EM
	Q-Pack		149,817	Purchase of goods from Q-Pack
Golden Palm Tree Resort & SPA Sdn Bhd	CNIE	Gan Chooi Yang	89,103	Provision of resort & related services to CNIE
	Q-Pack		23,004	Purchase of goods from Q-Pack
Qingdao Mark Foods Co., Ltd	EM	Gan Chooi Yang	136,810	Supply of royal jelly powder and honey to EM

ANALYSIS OF SHAREHOLDINGS

As At 28 April 2014

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capita l	:	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	254	2.74	5	0.05	8,487	(1)	190	(1)
100 - 1,000	3,373	36.33	268	2.89	1,819,313	0.25	160,740	0.02
1,001 – 10,000	3,570	38.46	105	1.13	10,982,280	1.54	264,160	0.04
10,001 – 100,000	1,356	14.61	11	0.12	51,996,665	7.29	482,200	0.07
100,001 – 35,675,594 (*)	329	3.54	11	0.12	259,313,584	36.34	24,958,158	3.50
35,675,595 and above (**)	1	0.01	-	-	363,526,123	50.95	-	-
Total	**8,968**	**95.69**	**400**	**4.31**	**687,646,452**	**96.37**(2)	**25,865,448**	**3.63**(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 6,388,100 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 28 April 2014.

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)	52.20
Cheong Chin Tai	660,000	0.09	-	-
Koh How Loon	1,679,180	0.24	369,171,643 (2)	51.74
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 6,388,100 CNI shares bought-back by CNI and retained as treasury shares as at 28 April 2014.

ANALYSIS OF SHAREHOLDINGS

As At 28 April 2014

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)	50.95
Dato' Koh Peng Chor	2,490,240	0.35	372,483,483 (2)	52.20
Datin Chuah Tek Lan	1,167,200	0.16	373,806,523 (2)	52.39
Koh How Loon	1,679,180	0.24	369,171,643 (3)	51.74

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 6,388,100 CNI shares bought-back by CNI and retained as treasury shares as at 28 April 2014.

ANALYSIS OF SHAREHOLDINGS

As At 28 April 2014

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	50.95
2.	Wong Siew Fong	27,902,980	3.91
3.	Gan Chooi Yang	15,612,826	2.19
4.	Tan Kim Choon	12, 048,314	1.69
5.	Toh Siew Kee	11,721,954	1.64
6.	Gan Ah Seng	9,745,139	1.37
7.	Ginawan Chondro	9,576,271	1.34
8.	Choong Hon Ken	8,845,010	1.24
9.	Heng Hoay Liang @ Heng Hoye Ee	7,050,000	0.99
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.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Beh Hang Kong	5,958,912	0.84
14.	Ong Teck Seng	5,717,000	0.80
15.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd	5,260,920	0.74
16.	Chong Yee Min	5,209,600	0.73
17.	Wong Siew Keow	4,934,767	0.69
18.	Law Yang Ket	4,691,898	0.66
19.	Choo Khim Keong	4,680,380	0.66
20.	MAYBANK Nominees (Asing) Sdn Bhd DBS Bank for Triton Capital Group Ltd	3,557,000	0.50
21.	Suharman Subianto	3,102,532	0.43
22.	Addeen Trading Sdn Bhd	3,016,600	0.42
23.	Yow Siew Lian	3,000,000	0.42
24.	Public Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Tee Kim Hew	2,754,900	0.39
25.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor	2,490,240	0.35
26.	Cheong Chee Kee	2,463,666	0.35
27.	Choong Yiw	2,450,000	0.34
28.	Koh Tiah Siew	2,295,857	0.32
29.	Public Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Chee Lai Hock	2,279,900	0.32
30.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh How Loon	1,672,280	0.23
	Total	550,120,149	77.10

Note:

(1) Excluding a total of 6,388,100 CNI shares bought-back by CNI and retained as treasury shares as at 28 April 2014.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting (25th 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, 19 June 2014 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 2013 together with the Reports of the Directors and Auditors thereon. **Please refer Explanatory Note A**

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) Tan Sia Swee **Ordinary Resolution 1**
   ii) Chew Boon Swee **Ordinary Resolution 2**
   iii) Lim Lean Eng **Ordinary Resolution 3**

3. To re-appoint Messrs. Baker Tilly AC as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

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

4. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 5**

   "THAT approval be and is hereby given to Encik Zulkifli Bin Mohamad Razali who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

5. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 6**

   "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."

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

   "THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("CNI Group") to enter into and give effect to recurrent related party transactions of a revenue or trading nature of the CNI Group with Related Parties, as specified in Section 2.1.2 (a) & (b) of the Circular to Shareholders dated 26 May 2014 which are necessary for the day to day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the CNI Group 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 of the Company and such approval shall continue to be in force until:

   a) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

   b) the expiration of the period within which the next AGM after the date it 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); or

   c) revoked or varied by resolution passed by the shareholders in a general meeting,

   whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

THAT authority be and is hereby given to the Directors of the Company to complete and doall such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **Ordinary Resolution 8**

"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:-

a) 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;

b) 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 2013, the audited Retained Earnings of the Company was RM34,778,775; and

c) 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:-

   i) the shares so purchased may be cancelled; and/or
   ii) 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
   iii) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company ("AGM") 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."

BY ORDER OF THE BOARD

CHIN YOKE KWAI (MAICSA 7032000)
Company Secretary

26 May 2014
Shah Alam

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

2. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.

5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with 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 set for holding the meeting or at any adjournment thereof.

6. For the purpose of determining a member who shall be entitled to attend this 25th 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 2014. 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 NOTE A

This Agenda item is meant for discussion only as under the provision of Section 169(1) of the Act and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholder. As such, this item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 5, if passed, will allow the independent director to be retained and continue acting as independent director to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements and in line with the recommendation Nos. 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012. The justification and recommendations for the retention as set out in page 26 of the Statement on Corporate Governance in the Annual Report 2013.

2. Ordinary Resolution 6, 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 24th AGM held on 20 June 2013 and which will lapse at the conclusion of the 25th 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.

3. Ordinary Resolution 7, 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.

4. Ordinary Resolution 8, 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 26 May 2014, which is despatched together with the Company's Abridged Annual Report 2013.

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 25th 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	87, Persiaran Mutiara Pusat Dagangan Kelana Mas, 07000 Langkawi.	04-9672460	04-9672460
	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	
	Simpang empat	120 Tmn Desa Damai, Batu 5 Simpang Empat , 06650 Simpang Empat, Kedah	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	
	Brd Puteri Jaya	No 437 Jalan BPJ 2/12, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah	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	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	
PERAK				
DC	Tg Malim DC	No 1, Jln U1, Tmn Universiti, 35900 Tg Malim.	05-4590029/4597469 (R)/012-5386669	05-4583426
	Ipoh DC	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	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	23, Tmn Sentosa, Jln Lumut, 32300 Sitiawan.	05-6911171	05-6911171
	Gunung Rapat, Ipoh DC	17A, Medan Lagenda 1, Medan Lapangan Lagenda, Jln Raja Dr Nazreen Shah, 31350, 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	PT 2868 Tingkat Satu, Taman Wawasan Hutan Melintang, 36400 Perak.	05-6413431 esphutanmelintang@mycni.com.my	
	Kemunting	No 24 Jln Sepat, Taman Kamunting Perdana, 34600 Kemunting.	05-8830131/019-4570559 espkemunting@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 64 Jalan Damar Laut, 34900 Pantai Remis, Perak.	05-6775107/016-7709629 esppantai@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	
		No 3, Batu 2½ Jalan Simpang, 34000 Taiping.	05-8110145/012-4599938 espsimpang@mycni.com.my	
	Simpang	421 Sungai Pinang Kecil 32300 Pangkor.	05-6851434/0125384255 esppangkor@mycni.com.my	
SP	Lahat	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, 47170, Puchong	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	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	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	
	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	
	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	
	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 e sprawang@mycni.com.my	
	Bkt Beruntung	M-G-09 (Apt Dahlia) Tmn Bunga Raya Bkt Beruntung 48300 Rawang	010-4314457 espbktberuntung@mycni.com.my	03-33931686
SP	Teluk Panglima Garang	Lot 2323, Lrg Aman Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021/016-3552162	
W.PERSEKUTUAN				
DC	Setapak DC	211 A, Jln Genting Klang, 53300 Setapak.	03-40245133	03-40239195
	Cheras DC	54-A, Jln Serkut, Tmn Pertama, Cheras 56100.	03-92877190	03-92877190
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 KL.	03-79715128/012-2818478 espoug@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	No 2 Lot Perniagaan Keramat Jaya, Perumahan Awam Sri Perlis 2 54000 KL.	017-6273068	
	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	
	Senawang Jaya	No 329, Jln Berlian, Tmn Senawang Jaya, 70450 Senawang	013-3030276/06-6778018	

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	Fax
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
SP	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	Tmn Sutera Utama	7 & 9 Jln Sutera Tanjung 8/3 , Tmn Sutera Utama 81300 Johor Bahru	019-6350919	
	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	
	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	
	Segamat	45, Jln Intan 2, Tmn Intan Bukit Siput, 85020 Segamat	019-6556563 espsegamat@mycni.com.my	
	Bakri	No 81, Jln Besar Bukit Bakri, 84200 Bakri Muar Johor.	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 Cemerlang 15400 Kota Bharu.	09-7433625 09-9758200	09-7477433 09-9758300
	Machang DC	Lot 3117 Kweng Hitam, Jln Besar, 18500 Machang.		
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	
	K.Krai	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 019-9826533	
SP	Tumpat SP	No. 61, Jln Puteri Sa'dong, 16250 Wakaf Baru Tumpat.	09-7892988/019-9101825	
	Pasir Putih SP	Kg. Alor Hijau Selising, 16810 Pasir Putih.		
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.	09-6666308/013-9436988espgongbadak@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 09-2771463/019-9551626	09-5732636 09-2771463
eSP	Mentakab DC	No. 16, Jln Anggerik, 28400 Mentakab.		
	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	
	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.	04-9771288/019-4100355	
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
	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	
	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	
	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 1.25 1st Floor, Asia City Complex, Asia City 88000 Kota Kinabalu	088-484968/013-8604168	088 - 487968
	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	Bandar Sandakan	Kota Kinabalu.Jln Player, Blk 17, Tkt 1, APT.CI P.PJU, 90307 Bdr Sandakan.	089-229132/019-8208799/019-5835847 espsandakan@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	

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-Fifth Annual General Meeting (25th 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, 19 June 2014 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 Tan Sia Swee as Director		
Ordinary Resolution 2	Re-election of Chew Boon Swee as Director		
Ordinary Resolution 3	Re-election of Lim Lean Eng as Director		
Ordinary Resolution 4	Re-appointment of Messrs Baker Tilly AC as Auditors and to authorise the Directors to fix their remuneration		
AS SPECIAL BUSINESS			
Ordinary Resolution 5	Retention of Independent Non-Executive Director		
Ordinary Resolution 6	Authority for Directors to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 7	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	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.................2014

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 of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with 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 set for holding the meeting or at any adjournment thereof.*
6. *For the purpose of determining a member who shall be entitled to attend this 25th 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 2014. 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.*

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AFFIX
STAMP

The Company Secretary
CNI HOLDINGS BERHAD
Wisma CNI, No. 2 Jalan U1/17
Seksyen U1, Hicom-Glenmarie Industrial Park
40000 Shah Alam
Selangor Darul Ehsan

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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 1708 Email: info@cniholdings.com.my Website: www.cniholdings.com.my