CNI HOLDINGS BERHAD
181758-A

ENHANCING VALUES
BEYOND BOUNDARIES

ANNUAL REPORT 2014

ENHANCING VALUES BEYOND BOUNDARIES CNI is committed to enhance its business values with the stakeholders' interest in mind. In order to achieve this goal, we are consistently learning, adapting and adopting innovations and strategies to improve our operations, products and services. Simultaneously, we continue to seek opportunities for market expansion overseas and tap on profits and gains from attractive potential markets. We believe in sustaining growth and profit driven by new market exploration, innovations, market recognition, and human capital development that are fundamental in enhancing our business values as well as in solidifying our position in Malaysia, and beyond.

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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.

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.

Enhancing values across borders, 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.

GROUP CORPORATE 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
    - 70% **CNI Petro Sdn. Bhd.** 910614-V
      (Formerly Known As Agriscience Biotech (Malaysia) Sdn Bhd)
    - 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% **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

Chew Boon Swee
Executive Director

Law Yang Ket
Non-Executive Director

Zulkifli Bin Mohamad Razali
Senior Independent
Non-Executive Director

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

Lim Lean Eng
Independent Non-Executive Director

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

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

Zulkifli Bin Mohamad Razali

Dr. Ch'ng Huck Khoon

Lim Lean Eng

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8151
Helpdesk Tel : 03-7849 0777

PRINCIPAL BANKERS

Malayan Banking Berhad
Shah Alam Branch

Citibank Berhad

SOLICITORS

Messrs Ong & Kok

STOCK EXCHANGE LISTING

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

FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER

	2014	2013	2012 (Restated)	2011 (Restated)	2010
Performance (RM'000)					
Revenue	92,461	111,980	115,819	126,582	134,441
Profit Before Taxation	(6,841)	(208)	1,448	2,942	3,480
Attributable profit	(6,612)	(651)	1,155	1,992	2,285
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	92,695	101,336	104,397	105,861	105,726
Total Assets	116,697	125,553	131,697	135,890	134,700
Borrowings	90	38	73	105	117
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	(0.93)	(0.09)	0.16	0.28	0.32
Net Dividend Per Share (sen)	0.30	0.30	0.30	0.30	0.61
Net Assets Per Share ("APS") (sen)	12.87	14.07	14.50	14.70	14.80
Gearing Ratio (%)	0.10%	0.04%	0.07%	0.10%	0.11%

AWARDS & RECOGNITION

ORIENTAL DIRECT SELLING ANNUAL REGIONAL STRATEGIC CLASSIC AWARD

This special recognition was conferred at the South East Asian Direct Selling Management Golden Key Forum 2014 in support of CNI's continuous effort to provide a solid, and established direct selling platform.

THREE NEW PATENTS FOR MENEP

The Metabolic Enzyme Nutrient Exchange Process (MENEP) administered in the production of Well3 Life Enzyme and Well3 ISP-10 has obtained three new patents in 2014 from Germany, Japan, and Taiwan respectively.

CORPORATE EVENTS

APEC 2014 & ATF 2014 OFFICIAL BEVERAGE

CNI Up 8'tive beverage was chosen as the official drink for the Asia-Pacific Economic Cooperation (APEC) 2014 in Qingdao, China in May. Earlier in January, Up 8'tive had also been chosen as the official drink for the ASEAN Tourism Forum (ATF) 2014 in Sarawak.

FIRST ASEAN COMPANY IN CHINA

CNI is the first MLM company from ASEAN to be granted the direct selling licence to operate in China.

CRUISE & CAMERON HIGHLANDS CAMPAIGN

A travel incentive campaign was opened to all distributors in conjunction with CNI's 25th Anniversary celebration. 230 winners were qualified to join the 3-day trip to Penang, including dinner and entertainment onboard the Star Cruise, as well as a refreshing getaway to Cameron Highlands.

BATIK SARONG CHARITY FUN RUN 2014

More than 2,000 people participated in the "Plant A Tree, Plant A Hope – Batik Sarong Charity Fun Run 2014" held on 21 September to create awareness on earth conservation. The event was endorsed by three ministries – the Ministry of Tourism and Culture Malaysia, the Ministry of Natural Resources and Environment Malaysia, and the Ministry of Multimedia and Communication, together with Tourism Selangor.

CNI GAINED MDTCC ENDORSEMENT

CNI's prominence as a local company with exemplary high effectiveness in technological facilities, expertise and manufacturing experience had gained the recognition and endorsement of the Ministry of Domestic Trade, Cooperative and Consumerism (MDTCC) via an official visit by a delegation from the Ministry led by Y.B. Dato' Sri Hasan bin Malek.

CORPORATE EVENTS

CNI EXPANDS INTERNATIONAL MARKET

CNI aggresively continues its international market expansion initiative by opening its operations offices in Thailand and Vietnam that were officially opened in December.

EM RECEIVED THE ISO 17025 CERTIFICATE

Exclusive Mark laboratory has been accredited under the Skim Akreditasi Makmal Malaysia (SAMM) for meeting the requirements of MS ISO/IEC 17025:2005 'General requirements for competence of testing and calibration laboratories'.

3 NEW PRODUCTS LAUNCHED

CNI had launched 3 new products under the Well3 nutrition series, namely Well3 Marine Calcium Plus, WaterLife 5tech Energy Sytem, and ISP-10.

R'SECRÈTE INTERNATIONAL LAUNCH

CNI Global's premium anti-ageing beauty line, R'Secrète, received star treatment at its international launch in Thailand. Its' product ambassador, international artiste Chris Tong, and Miss Grand Thailand 2014, Parapadsorn Disdamrong, were among the 500 guests who attended the launch.

PRODUCTION FACILITIES UPGRADE

Top One Biotech Co., Ltd
- installation and commissioning of the new powder mixing line has helped increase production efficiency from 400kg/day to 2tonnes/day.

CHAIRMAN'S STATEMENT

Dato' Koh Peng Chor
Non-Executive Chairman

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 2014.

AWARDS AND RECOGNITION

Within the financial year ended 31 December 2014, the Oriental Direct Selling Annual Regional Strategic Classic Award was accorded to CNI Enterprise (M) Sdn Bhd ("CNIE"), the Group's marketing and trading segment, in honour of its continuous effort to provide a solid, and established direct selling platform for aspiring distributors to grow.

On the Group's manufacturing segment, Top One Biotech Co., Ltd in Taiwan has been awarded 3 patents, from Germany, Japan and Taiwan respectively, for its biotechnology breakthrough process called the Metabolic Enzyme Nutrient Exchange Process (MENEP). This process is currently administered in the production of CNI's products, namely Well3 Life Enzyme and Well3 ISP-10, to enhance their overall nutritional quality.

FINANCIAL PERFORMANCE

In perspective of global uncertainties and challenging local market environment, the Group recorded revenue of RM92.5 million in 2014 compared to RM112.0 million in 2013. However, the Group sustained loss before tax of RM6.8 million in 2014 as compared to RM0.21 million in 2013. The decrease in revenue and profit before tax in 2014 were mainly the result of a decline in sales and operating profit from the marketing and trading segment which remains as our anchor operating segment. In addition, the impairment loss of goodwill and other investments, share of loss of associated companies and one time consultation fee and IT system upgrade in compliance with the Goods and Services Tax (GST) had caused a decline in the Group's bottom-line for the financial year ended 31 December 2014.

DIVIDEND

For the financial year 2014, the Board had declared a single tier interim dividend of 0.3 sen per share, amounting to RM2.1 million which had been paid out on 16 April 2015.

Taking into consideration the required capital resources to support its continuous business growth, the Group endeavours to maintain a consistent and regular dividend payment policy that promotes a stable stream of return to its shareholders.

OPERATIONAL REVIEW

Marketing & Trading

The marketing and trading segment stands as the major contributor of the Group. The marketing and trading segment had recorded revenue of RM78.3 million. The demand for its fast moving star product, CNI Tongkat Ali Ginseng Coffee was hampered by the emergence of a counterfeit. CNI has taken all necessary actions, which include continual cooperation with the Enforcement Division of the Ministry of Domestic Trade, Cooperative and Consumerism, to curb the situation.

Across the border, CNI business operation in Thailand was also affected by an unexpected political turmoil that had delayed the licence and products registration prior to the official opening of its office in December 2014.

On a more favourable aspect, the recent launch of the premium beauty care line - R'Secrète - has gained traction in attracting a new target market consisting of younger generation. In addition, two other new products under the wellness category, namely the WaterLife 5tech Energy System and Well3 ISP-10, are expected to appeal to a broader market segment.

CHAIRMAN'S STATEMENT



Manufacturing

The manufacturing segment had recorded revenue of RM37.6 million in 2014. The decrease in revenue primarily resulted from the decline in sales of the local marketing and trading segment. On the upside, the export sales from this segment had increased to RM13.5 million. This positive development was in tandem with the Group's continuous initiative to open new consumer market overseas, namely Thailand and China, as was the case in 2014.

Concurrently, this segment had also imparted nominal operating loss of RM103,000 to the Group's business, mainly due to the increase in operating cost which included higher cost for raw material and human capital. Nonetheless, the operating loss had been significantly reduced, as compared to RM1.4 million in 2013.

Our commitment to quality assurance had been further solidified with the MS ISO/IEC 17025:2005 accreditation under the Skim Akreditasi Makmal Malaysia (SAMM) to Exclusive Mark (M) Sdn Bhd for meeting the general requirements for competence of testing and calibration laboratories.

As part of the Group's long-term business development plan and to meet increasing market demand, the production facility of Top One Biotech Co., Ltd has been reinforced with the installation and commissioning of a new powder mixing line. Since its operation, the new line has helped raise production efficiency by 500% from 400kg/day to 2tonnes/day.

Retail - Food & Beverage

The revenue of the retail – food & beverage segment had decreased marginally by 2% as compared to year 2013. The operations of the F&B outlets are retained for the purpose of servicing customers within the locality, mainly the distributors and staff of the Group.

PROSPECTS

The steady yet challenging Malaysian economic climate, in which the Group largely operate, is expected to remain supportive of the direct selling industry. The Gross Domestic Product growth in 2015 is expected to be between 4.5% and 5.5%.

On the other hand, stiff competition for market share in the direct selling industry will continue to impose pressure on pricing of products and affect profitability of the direct selling companies.

Preparing for the challenges ahead, the Group's key priorities are to accelerate business innovation and pursue operational efficiency more aggressively in order to deliver the Group's commitment to excellence to all its stakeholders.

CHAIRMAN'S STATEMENT

Apart from maintaining its prudent approach to risk and cost management, the Group will implement customer-centred initiatives in driving higher and sustainable membership based income while upholding excellent customer service and efficient delivery. In consideration of the impact of GST, while price increase has mostly affected the middle to lower income group, it has also open the door of opportunity for the Group's marketing and trading segment to attract customers looking for a second income opportunity .

The marketing and trading base in Thailand is also anticipated to stimulate positive growth in revenue and profit for the Group with regard to the country's promising consumer market of 60 million populations. Supported by the economic integration plan under the ASEAN Economic Community (AEC), Thailand poses a high potential market which CNI is keen to tap via its premium anti-ageing beauty care line. Its market growth performance is vital, for it serves as CNI's gateway to the Indo-China market, and beyond.

Looking at the manufacturing segment, the Group will continue its commitment in the enhancement and innovation of its product research and development capabilities, and streamlining its product processes to achieve higher efficiency. Further emphasis will be placed on expanding overseas consumer market and export sales, especially to China.

Enhancing values for our business and shareholders as the Group continues to expand its market share internationally, the Group remains optimistic in tapping on potential market and export sales of the AEC and greater Asia region.

APPRECIATION

On behalf of the Company, I would like to convey our appreciation to our members whose dedication, leadership and entrepreneurial spirit were essential in keeping the Group's fundamentals and aspirations intact, and in check, throughout 2014.

I would also like to seize this moment to give due recognition to our Management and staff for their diligence and unwavering support. My heartfelt gratitude also goes to our shareholders and business partners for their invaluable trust in the Board and the Management.

Last but not least, I would like to extend my gratitude to my fellow Board members for their commitment, engagement and visionary aspirations. With utmost certainty, I believe that the solidarity and camaraderie of our partnership will serve CNI well in accomplishing its goals in 2015.

Dato' Koh Peng Chor
Non-Executive Chairman

BOARD OF DIRECTORS' PROFILES

DATO' KOH PENG CHOR
Non-Executive Chairman

Dato' Koh Peng Chor, a Malaysian, aged 63, 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 Non-Executive 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 53, 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 & Corporate Disclosure 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 Southern Illinois University, Carbondale, 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 37, 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 & Corporate Disclosure 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.

BOARD OF DIRECTORS' PROFILES

TAN SIA SWEE
Executive Director

Tan Sia Swee, a Malaysian, aged 55, was appointed to the Board of CNI on 11 December 1990. He also serves as the Chairman of Investor Relations & Corporate Disclosure 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 55, 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 & Corporate Disclosure 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 55, was appointed to the Board of CNI on 18 September 2003. He also serves as a member of the Investment Committee.

He graduated with a Bachelor of Education from the National Taiwan Normal University, Taipei in 1983. He joined the Malaysia Chinese Association, MCA Youth Johor Branch as Executive Secretary in 1985. Subsequently in 1987, he took up the position of Consultant at Dynamic Leadership Development Consultancy. He is a co-founder of CNI. He acts as an advisor on sales development and marketing matters of CNIE.

BOARD OF DIRECTORS' PROFILES

ZULKIFLI BIN MOHAMAD RAZALI
Senior Independent Non-Executive Director

Zulkifli Bin Mohamad Razali, a Malaysian, aged 55, 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.

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

Dr. Ch'ng Huck Khoon, a Malaysian, aged 46, 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, AT Systematization Berhad and MQ Technology Berhad. He was a Capital Markets Services Representative License holder with A A Anthony Securities Sdn Bhd for 15 years.

LIM LEAN ENG
Independent Non-Executive Director

Lim Lean Eng, a Malaysian, aged 48. 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 23.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

The Group is committed in sustaining the philosophy that forms the core of its CSR that it is vital in adding value for all its stakeholders. 26 years of hands-on experience has groomed CNI into a respectable figure in CSR practice. The significant impact has formed an integral part of the Group's efforts towards continuous growth.

Resources have been focused in creating a caring society through regular charitable contribution and drive. Efforts have also been consistent in ensuring that environment, health and safety (EHS) issues become part of the Group's business and operations priorities. CNI Internal Halal Committee continues to build good rapport with the Department of Islamic Development Malaysia (JAKIM) in promoting good marketplace practice that comply with Halal regulatory requirements and manufacturing standard. Creating a conducive workplace environment has also been part of the Group's goal in exercising CSR.

Yayasan CNI

Yayasan CNI is the charity arm of the group. It aims to reach out and aid those in need regardless of colour or creed.

Since its establishment in 1998, Yayasan CNI has been continuously active in funding, organising, and supporting charitable causes. This is in addition to diversifying its contributions in cultural and arts development, education and self-help initiatives, nature conservation activities, as well as health care and social awareness campaigns, both locally and internationally.

2014 had been yet another successful year for Yayasan CNI in keeping up with Malaysia's social diversity, and its focus on social service and awareness efforts. The year's highlights include:

- Plant A Tree, Plant A Hope – Batik Sarong Charity Fun Run. Organised for the second consecutive year and attracted 2,000 participants, the Run served as an environmental awareness drive cum fundraising activity.
- 2,000 plant seedling were donated to local varsities in Yayasan's move to create a greener Malaysia for the future generation.
- Flood Victims Humanity Aid was organised in collaboration with Mercy Malaysia, Utusan Malaysia and AiFM. A total of RM100,000 worth of basic necessities and food supplies were delivered directly to the flood victims in the East Coast of Malaysia.
- Rescue Team was set up comprising of staff and distributors who volunteered to help ease the burden of flood victims in the East Coast of Malaysia.

Environment, Health & Safety (EHS) (ENVIRONMENT)

Being part of the food, beverage and consumer products manufacturing business, the Group place great emphasis on good hygiene practice, quality control, food safety and handling that is supported by the Food Safety Management System (HACCP).

Exclusive Mark (M) Sdn Bhd and Q-Pack (M) Sdn Bhd, the Group's two manufacturing plants, 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 their products and processes.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

The Group's effort to provide a safe and healthy environment to all employees is evident with the enforcement of Occupational Health and Safety Management System (OHSAS) and environmental management system (EMS) which embrace the 3Rs – Reduce, Reuse and Recycle.

In a recent development, Exclusive Mark laboratory has been accredited with the MS ISO/IEC 17025:2005 for meeting the general requirements for competence of testing and calibration laboratories under the Skim Akreditasi Makmal Malaysia (SAMM).

Future improvements on system and practice shall focused on four major aspects:-

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

Internal Halal Committee

CNI takes into account the concept of "Halalan Toyibban" (permissible and wholesome) for all its products 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 issued by the Department of Islamic Development Malaysia (JAKIM) 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 established to provide a direction and framework for maintaining and reviewing Halal related matters.

CNI Internal Halal Committee has also been set up to monitor all matters in relation to Halal compliance and certifications. The Committee is made up of representatives involved in all stages of the production line (raw material selection, manufacturing, and delivery) to ensure all processes adhere to the Halal requirements.

CNI Sports & Recreational Club

The club is a recreational outlet for all CNI Group's employees and is managed by the 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 a strong reflection of its philosophy. Believing that CNI is more than just business, 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. BOARD OF DIRECTORS

Board Roles and Responbilities

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 the Listing Requirements. A brief profiles of each Director is presented on pages 16 to 18 of this Annual Report and also available on the website of the Company.

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

STATEMENT ON CORPORATE GOVERNANCE

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, and not only the interests of a particular fraction or group, 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. All the Independent Directors have provided a confirmation of their independence to 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.

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.

The Board has appointed Zulkifli Bin Mohamad Razali as the Senior Independent Non-Executive Director to whom queries or concerns may be conveyed by writing to the Company's registered address.

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 2014, 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.

STATEMENT ON CORPORATE GOVERNANCE

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:-

	No. of Meetings Attended	Percentage (%) of Attendance
Dato' Koh Peng Chor	4/4	100
Cheong Chin Tai	4/4	100
Koh How Loon	4/4	100
Tan Sia Swee	4/4	100
Chew Boon Swee	2/4	50
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. The Board meeting papers provided to the Directors include financial results, information on business propositions, and corporate proposals besides minutes of meeting of Board Committees. 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 minute. 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.

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.

STATEMENT ON CORPORATE GOVERNANCE

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:-

	No. of Meetings Attended	**Percentage (%) of Attendance**
Zulkifli Bin Mohamad Razali *Chairman*	4/4	100
Dato' Koh Peng Chor *Member*	4/4	100
Dr. Ch'ng Huck Khoon *Member*	4/4	100
Lim Lean Eng *Member*	4/4	100

The Nomination Committee meets as and when required, and at least once a year. The Nomination Committee met 4 times during the financial year ended 31 December 2014. The attendance of each member at the Nomination Committee meetings is provided in the table 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.

STATEMENT ON CORPORATE GOVERNANCE

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.

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.

During the year, in house briefings were conducted by professional on the topic of "Goods and Services Tax" where the Directors were briefed and discussion held on the matter.

In addition to the aforesaid, set forth below are the other trainings attended by the Directors of the Company:

Title	Date
Personal Data Protection Act and Decision Making	22 January 2014
The Business of Innovation	3 April 2014
Goods and Services Tax and its Impact on Capital Market	29 May 2014
Advocacy Sessions on Corporate Disclosure for Directors	2 July 2014
11th Brand Fest 2014	25 June 2014
The Open Future	9 August 2014
Professional Leadership Skills	13 – 15 October 2014
2015 Budget and Goods and Services Tax Opportunities and Challenges	26 November 2014

STATEMENT ON CORPORATE GOVERNANCE

2. DIRECTORS' REMUNERATION

Remuneration Committee

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

	No. of Meetings Attended	Percentage (%) of Attendance
Dato' Koh Peng Chor *Chairman*	1/1	100
Chew Boon Swee *Member*	1/1	100
Zulkifli Bin Mohamad Razali *Member*	1/1	100
Dr. Ch'ng Huck Khoon *Member*	1/1	100
Lim Lean Eng *Member*	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 2014. The attendance of each member at the Remuneration Committee meeting is provided in the table 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.

Details of the remuneration of the Directors of the Company during the financial year ended 31 December 2014 (including remuneration drawn from subsidiaries) are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	432,000
Other emoluments	2,165,200	45,000
Benefits-in-kind	27,748	19,534
Retirement benefits	549,961	-
Total	**2,742,909**	**496,534**

STATEMENT ON CORPORATE GOVERNANCE

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM50,001 to RM100,000	-	4
RM250,001 to RM300,000	-	1
RM400,001 to RM450,000	1	-
RM700,001 to RM750,000	2	-
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 2014, 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 29 to 32 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 33 to page 36 of this Annual Report.

COMPLIANCE STATEMENT

The Group has complied substantially with the principles and best practices outlined in the Code. The Board is committed to continuously achieve a high standard of Corporate Governance for the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 17 April 2015.

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 2014.

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 Directors and Financial Controller that the Group's Risk Management and Internal Control system are 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

11. A Delegated Authority Policy has been established and adopted within the Group to promote better controls, accountability and corporate governance over operational, strategic and investment decision.

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.

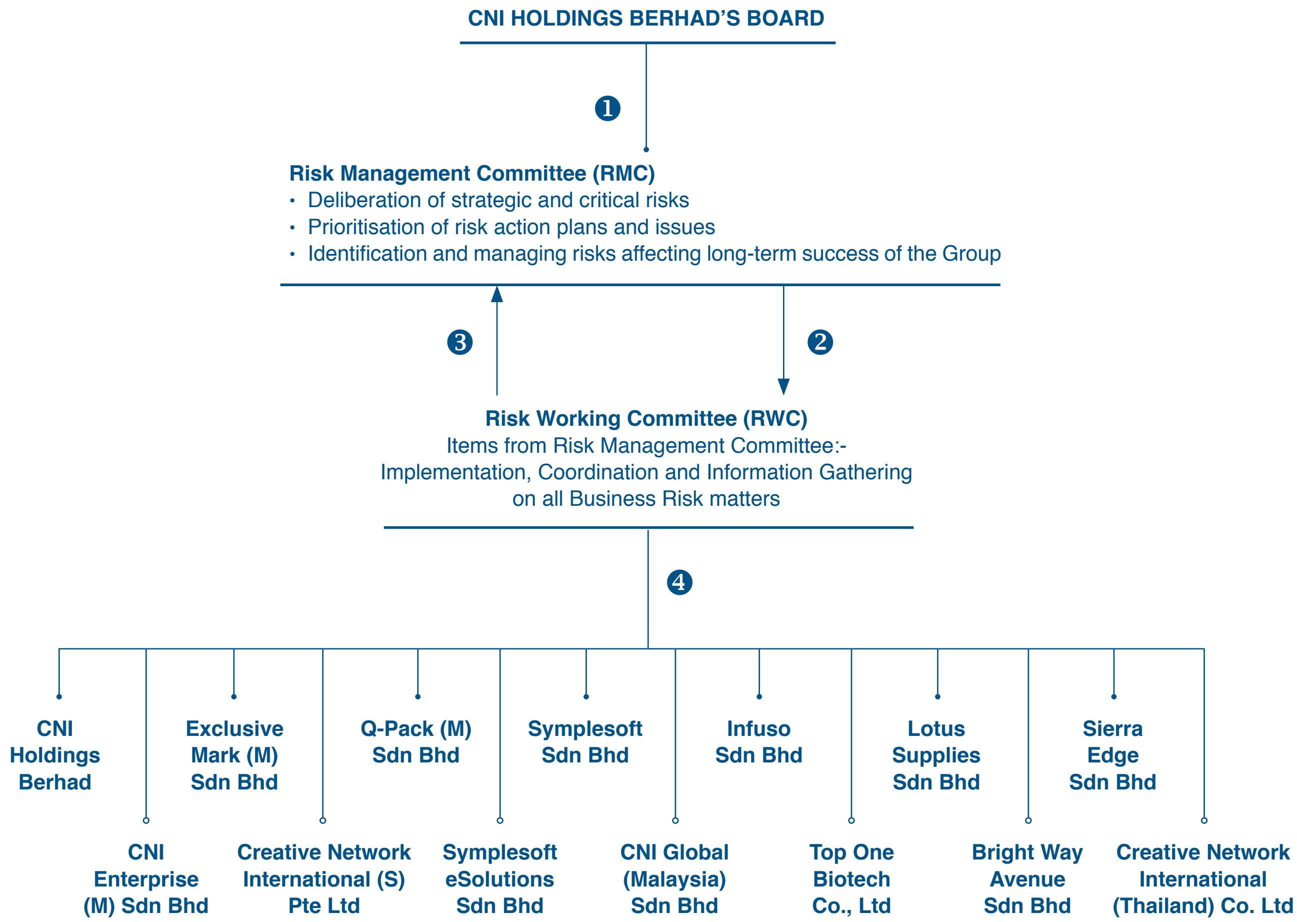
2. To develop tools and methodologies for identification and measurement of business risks and control and conduct regular review and monitoring to ensure mitigating controls are indeed carried out to manage these business risks.

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:-



Notes

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

❷ The Risk Management Committee ("RMC") prioritises and accelerates risk management strategies and co-ordinates with the Risk Working Committee.

❸ 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.

❹ 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 33 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.

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 17 April 2015.

AUDIT COMMITTEE REPORT

ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee meetings held during 2014 are as follows:

	Total Meetings Attended	Percentage (%) of Attendance
Dr. Ch'ng Huck Khoon Chairman	7/7	100
Zulkifli Bin Mohamad Razali Member	7/7	100
Lim Lean Eng Member	7/7	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.

AUDIT COMMITTEE REPORT

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.

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.

AUDIT COMMITTEE REPORT

5. Duties and Responsibilities

The duties and responsibilities of Audit Committee include:-

a) To review with the external auditors:-
   i) the audit plan;
   ii) their evaluation of the system of internal control;
   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.

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.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

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

1. Reviewed the quarterly unaudited financial results of the Group and the Company, and recommended the same, with or without amendments, to the Board for its approval and release to Bursa Securities.
2. Reviewed with the External Auditors the annual audited financial statements of the Group and the Company, and recommended the same to the Board, with or without amendments, for its approval.
3. Reviewed and approved the Audit Committee Report and Internal Control Statement presented in the Annual Report by the Board.
4. Reviewed and discussed with the External Auditors the scope and nature of their audit plan for the Group.
5. Reviewed and approved the annual internal audit plan proposed by the Internal Auditors.
6. Reviewed the annual internal audit budget and human resource requirements proposed by the Internal Auditors.
7. Reviewed the audit reports presented by the Internal Auditors on their findings and recommendations arising from their audits of the respective companies/departments/divisions.
8. Reviewed the recurrent related party transactions that were present in the Group.
9. Reviewed the effectiveness of preventive measures undertaken by each company/department in the implementation of enterprise risk management ('ERM') in the Group.
10. Reviewed the action plans, reasons and explanations given by each company/department/division in relation to its monitoring, measuring and reviewing the Group's financial performance against its annual budget.
11. Proposed to the Board for a more stringent management control over the Group's preparation, accountability and remedial actions of the annual budget.
12. Reviewed the adequacy of the scope, functions, competency and resource of the internal audit functions and that it has the necessary authority to carry out its work.

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 audit assignments 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 and rectified the control weaknesses accordingly.

The total costs incurred for the internal audit function of the Group for 2014 is RM195,627.

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 2014.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Loss for the financial year	(7,291,848)	(1,703,114)
Loss attributable to:		
Owners of the parent	(6,612,316)	(1,703,114)
Non-controlling interests	(679,532)	-
	(7,291,848)	(1,703,114)

DIVIDENDS

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

	RM
Single tier interim dividend of RM0.003 per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2013, paid on 17 April 2014	2,140,536

The directors declared a single tier interim dividend of RM0.003 per ordinary share, amounting to RM2,140,086 in respect of the current financial year and payable to the shareholders on 16 April 2015, whose names appear on the Record of Depositors as at 19 March 2015. 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 2015.

The directors do not recommend payment of any final dividends 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 liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liabilities or other liabilities 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.

DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

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

TREASURY SHARES

During the financial year, the Company repurchased 200,000 of its issued ordinary shares from the open market at an average price of RM0.113 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM22,663. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

As at 31 December 2014, the Company held a total of 6,588,100 ordinary shares of its 720,000,000 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM1,662,595. Further details are disclosed in Note 27 to the financial statements.

DIRECTORS OF THE COMPANY

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

DATO' KOH PENG CHOR

CHEONG CHIN TAI

KOH HOW LOON

TAN SIA SWEE

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 follows:

		Number of Ordinary Shares of RM0.10 each			
		At 1.1.2014	Bought	Sold	At 31.12.2014
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	***	27,902,980	-	-	27,902,980
Law Yang Ket	***	3,000,000	-	-	3,000,000
Dr. Ch'ng Huck Khoon	***	-	1,000	-	1,000
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 1.1.2014	Bought	Sold	At 31.12.2014
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 in Malaysia, 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 38 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 46 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 47 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 17 April 2015.

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 46 to 152 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 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 153 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 17 April 2015.

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 46 to 152 and the supplementary information set out on page 153 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 17 April 2015

LOO YEE WEI

Before me

PESURUHJAYA SUMPAH
W 661
TAN KIM CHOOI
MALAYSIA

16TH FLOOR, WISMA SIME DARBY
JALAN RAJA LAUT, 50350 KUALA LUMPUR
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 2014 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 46 to 152.

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 2014 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment 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 153 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

LOCK PENG KUAN
2819/10/16(J)
Chartered Accountant

Kuala Lumpur
17 April 2015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	4	92,461,034	111,849,866	5,899,999	10,218,725
Direct operating costs	5	(39,017,539)	(48,628,284)	(14,064)	(52,781)
Gross profit		53,443,495	63,221,582	5,885,935	10,165,944
Other income		3,189,151	2 ,906,022	226,123	189,009
Administrative costs		(22,614,225)	(24,303,436)	(3,548,357)	(4,047,842)
Distribution costs		(38,356,824)	(39,889,154)	-	-
Other expenses		(744,260)	(2,042,695)	(4,207,062)	(1,610,589)
		(61,715,309)	(66,235,285)	(7,755,419)	(5,658,431)
(Loss)/Profit from operations		(5,082,663)	(107,681)	(1,643,361)	4,696,522
Finance costs		(28,287)	(7,060)	-	-
Share of results of associates		(1,730,404)	(92,878)	-	-
(Loss)/Profit before tax	6	(6,841,354)	(207,619)	(1,643,361)	4,696,522
Tax (expense)/credit	7	(450,494)	(606,829)	(59,753)	448,425
(Loss)/Profit for the financial year		(7,291,848)	(814,448)	(1,703,114)	5,144,947
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(123,199)	(17,728)	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		257,682	(213,542)	140,355	(277,099)
Total comprehensive (loss)/income for the financial year		(7,157,365)	(1,045,718)	(1,562,759)	4,867,848

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
(Loss)/Profit attributable to:					
Owners of the parent		(6,612,316)	(651,435)	(1,703,114)	5,144,947
Non-controlling interests		(679,532)	(163,013)	-	-
		(7,291,848)	(814,448)	(1,703,114)	5,144,947
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(6,477,833)	(882,705)	(1,562,759)	4,867,848
Non-controlling interests		(679,532)	(163,013)	-	-
		(7,157,365)	(1,045,718)	(1,562,759)	4,867,848
Losses per share attributable to owners of the parent					
Basic and diluted (sen)	8	(0.93)	(0.09)		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	37,913,154	39,260,243
Capital work-in-progress	10	1	1
Intangible assets	11	2,745,232	2,715,654
Investment properties	12	1,400,000	2,076,400
Investment in associates	14	3,089,672	4,001,894
Investment in preference shares	15	3,500,000	-
Goodwill	16	200,000	924,891
Other investments	17	1,254,012	1,254,012
Deferred tax assets	18	3,210,304	3,090,118
		53,312,375	53,323,213
Current assets			
Inventories	19	14,621,068	16,515,353
Trade receivables	20	12,632,617	15,623,145
Other receivables, deposits and prepayments	21	5,072,069	3,891,216
Amounts owing by associates	22	153,701	348,729
Tax assets		1,235,304	727,102
Other investments	17	19,778,471	26,878,517
Cash and bank balances	24	9,891,199	6,870,585
		63,384,429	70,854,647
Non-current assets held for sale	25	-	1,375,250
		63,384,429	72,229,897
TOTAL ASSETS		116,696,804	125,553,110

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014 (cont'd)

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	26	72,000,000	72,000,000
Treasury shares	27	(1,662,595)	(1,639,932)
Retained earnings		22,709,214	31,204,384
Other reserves	28	(351,996)	(228,797)
		92,694,623	101,335,655
Non-controlling interests		133,547	813,079
Total Equity		92,828,170	102,148,734
Liabilities			
Non-current liabilities			
Finance lease payables	29	60,037	8,082
Deferred tax liabilities	18	1,317,026	898,944
Retirement benefits	30	6,730,299	7,238,020
		8,107,362	8,145,046
Current liabilities			
Trade payables	31	4,839,245	3,980,803
Other payables, deposits and accruals	32	10,806,008	11,152,763
Provision for employee benefits	33	85,486	45,598
Finance lease payables	29	26,547	4,010
Term loan	34	3,768	26,056
Tax payables		218	50,100
		15,761,272	15,259,330
Total Liabilities		23,868,634	23,404,376
TOTAL EQUITY AND LIABILITIES		116,696,804	125,553,110

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 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	402,819	269,942
Intangible assets	11	14,056	14,504
Investment properties	12	1,400,000	1,400,000
Investment in subsidiaries	13	79,921,374	79,921,374
Investment in associates	14	4,336,182	3,518,000
Other investments	17	1,254,012	1,254,012
Deferred tax assets	18	2,489,672	2,549,425
		89,818,115	88,927,257
Current assets			
Inventories	19	300	300
Trade receivables	20	12,517	14,717
Other receivables, deposits and prepayments	21	74,930	287,718
Amounts owing by associates	22	153,701	348,729
Amounts owing by subsidiaries	23	6,217,496	14,801,312
Tax assets		430,920	336,257
Other investments	17	7,440,399	4,273,541
Cash and bank balances	24	1,665,909	467,347
		15,996,172	20,529,921
TOTAL ASSETS		105,814,287	109,457,178

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (cont'd)

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	26	72,000,000	72,000,000
Treasury shares	27	(1,662,595)	(1,639,932)
Retained earnings		31,075,480	34,778,775
Total Equity		101,412,885	105,138,843
Liabilities			
Non-current liabilities			
Retirement benefits	30	3,975,487	3,934,839
Current liabilities			
Amounts owing to subsidiaries	23	165,266	10,870
Other payables, deposits and accruals	32	260,649	371,453
Provision for employee benefits	33	-	1,173
		425,915	383,496
Total Liabilities		4,401,402	4,318,335
TOTAL EQUITY AND LIABILITIES		105,814,287	109,457,178

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 2014

		Attributable to Owners of the Parent							
		Non-Distributable							
	Note	Share Capital	Currency Translation Reserve	Total Other Reserves	Treasury Shares	Distributable Retained Earnings	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM
At 1.1.2013		72,000,000	(211,069)	(211,069)	(1,602,479)	34,210,959	104,397,411	1,006,092	105,403,503
Comprehensive loss									
Loss for the financial year		-	-	-	-	(651,435)	(651,435)	(163,013)	(814,448)
Other comprehensive loss									
Remeasurement of defined benefit liability		-	-	-	-	(213,542)	(213,542)	-	(213,542)
Foreign currency translation		-	(17,728)	(17,728)	-	-	(17,728)	-	(17,728)
Total other comprehensive loss for the financial year		-	(17,728)	(17,728)	-	(213,542)	(231,270)	-	(231,270)
Total comprehensive loss for the financial year		-	(17,728)	(17,728)	-	(864,977)	(882,705)	(163,013)	(1,045,718)
Transactions with owners									
Purchase of treasury shares	27	-	-	-	(37,453)	-	(37,453)	-	(37,453)
Dividends	35	-	-	-	-	(2,141,598)	(2,141,598)	-	(2,141,598)
Dividend paid to non-controlling interests		-	-	-	-	-	-	(30,000)	(30,000)
Total transactions with owners		-	-	-	(37,453)	(2,141,598)	(2,179,051)	(30,000)	(2,209,051)
At 31.12.2013		72,000,000	(228,797)	(228,797)	(1,639,932)	31,204,384	101,335,655	813,079	102,148,734

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

		Attributable to Owners of the Parent							
		Non-Distributable				Distributable			
	Note	Share Capital RM	Currency Translation Reserve RM	Total Other Reserves RM	Treasury Shares RM	Retained Earnings RM	Total Equity Attributable to Owners of the Parent RM	Non-controlling Interests RM	Total Equity RM
At 1.1.2014		72,000,000	(228,797)	(228,797)	(1,639,932)	31,204,384	101,335,655	813,079	102,148,734
Comprehensive loss									
Loss for the financial year		-	-	-	-	(6,612,316)	(6,612,316)	(679,532)	(7,291,848)
Other comprehensive income/(loss)									
Remeasurement of defined benefit liability		-	-	-	-	257,682	257,682	-	257,682
Foreign currency translation		-	(123,199)	(123,199)	-	-	(123,199)	-	(123,199)
Total other comprehensive (loss)/income for the financial year		-	(123,199)	(123,199)	-	257,682	134,483	-	134,483
Total comprehensive loss for the financial year		-	(123,199)	(123,199)	-	(6,354,634)	(6,477,833)	(679,532)	(7,157,365)
Transactions with owners									
Purchase of treasury shares	27	-	-	-	(22,663)	-	(22,663)	-	(22,663)
Dividends	35	-	-	-	-	(2,140,536)	(2,140,536)	-	(2,140,536)
Total transactions with owners		-	-	-	(22,663)	(2,140,536)	(2,163,199)	-	(2,163,199)
At 31.12.2014		72,000,000	(351,996)	(351,996)	(1,662,595)	22,709,214	92,694,623	133,547	92,828,170

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 2014

	Note	Non-Distributable Share Capital RM	Treasury Shares RM	Distributable Retained Earnings RM	Total Equity 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 loss					
Remeasurement of defined benefit liability		-	-	(277,099)	(277,099)
Total other comprehensive loss for the financial year		-	-	(277,099)	(277,099)
Total comprehensive income for the financial year		-	-	4,867,848	4,867,848
Transactions with owners					
Purchase of treasury shares	27	-	(37,453)	-	(37,453)
Dividends	35	-	-	(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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Note	Non-Distributable Share Capital RM	Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
At 1.1.2014		72,000,000	(1,639,932)	34,778,775	105,138,843
Comprehensive loss					
Loss for the financial year		-	-	(1,703,114)	(1,703,114)
Other comprehensive income					
Remeasurement of defined benefit liability		-	-	140,355	140,355
Total other comprehensive income for the financial year		-	-	140,355	140,355
Total comprehensive income for the financial year		-	-	(1,562,759)	(1,562,759)
Transactions with owners					
Purchase of treasury shares	27	-	(22,663)	-	(22,663)
Dividends	35	-	-	(2,140,536)	(2,140,536)
Total transactions with owners		-	(22,663)	(2,140,536)	(2,163,199)
At 31.12.2014		72,000,000	(1,662,595)	31,075,480	101,412,885

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax		(6,841,354)	(207,619)	(1,643,361)	4,696,522
Adjustments for:					
Amortisation of intangible assets		596,296	494,818	2,908	3,027
Bad debts written off		110,726	170	92,385	170
Deposits written off		-	22,123	-	-
Depreciation of property, plant and equipment		3,175,004	3,489,368	59,897	92,614
Dividend income		-	-	(3,500,000)	(5,760,000)
Gain on disposal of investment properties		(157,000)	-	-	-
Gain on disposal of non-current asset held for sale		(246,366)	-	-	-
Impairment loss on:					
- amounts owing by subsidiaries		-	-	3,899,806	548,048
- goodwill		724,891	-	-	-
- other investments		-	745,988	-	745,988
- other receivable		1,940	1,695	-	-
- trade receivables		10,992	320,847	-	51,214
Income distribution from short term funds		(882,317)	(851,924)	(187,507)	(166,443)
Interest expense		3,111	5,306	-	-
Interest income		(227,633)	(210,991)	(22,174)	(17,695)
Intangible assets written off		17,300	9,540	-	-
Inventories written off		87,364	269,540	-	-
Inventories written down/(back)		26,745	(85,129)	-	-
Loss on disposal of property, plant and equipment		179,731	133,316	152,072	131,749
Net addition/(reversal) for employee benefits expense		39,888	(114,972)	(1,173)	(24,315)
Property, plant and equipment written off		180,043	47,887	8,388	3,015
Retirement benefits expense		549,961	400,905	181,003	248,237
Reversal of impairment loss on trade receivables		(216,420)	-	-	-
Share of loss of associates		1,730,404	92,878	-	-
Unrealised (gain)/loss on foreign exchange		(468,671)	(186,078)	(13,480)	16,549
Operating (loss)/profit before working capital changes, carried down		(1,605,365)	4,377,668	(971,236)	568,680

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Operating (loss)/profit before working capital changes, brought down		(1,605,365)	4,377,668	(971,236)	568,680
Inventories		1,780,176	1,887,448	-	-
Receivables		2,440,159	(9,536,548)	209,788	(552,585)
Payables		571,287	2,281,986	(110,804)	(679,744)
Cash generated from/(used in) operations		3,186,257	(989,446)	(872,252)	(663,649)
Dividends received		-	-	3,500,000	4,800,000
Interest paid		(3,111)	(5,306)	-	-
Interest received		227,633	210,991	22,174	17,695
Retirement benefits paid		(800,000)	(3,633,105)	-	(3,633,105)
Tax paid		(764,228)	(987,488)	(94,663)	(33,534)
Tax refund		54,244	1,734,493	-	578,918
Net cash from/(used in) operating activities		1,900,795	(3,669,861)	2,555,259	1,066,325
Cash Flows from Investing Activities					
Income distribution from short term funds		882,317	851,924	187,507	166,443
Investment in associates		(818,182)	(3,500,000)	(818,182)	(3,500,000)
Investment in preference share		(3,500,000)	-	-	-
Proceeds from disposal of intangible assets		29,109	-	-	686
Proceeds from disposal of property, plant and equipment		117,355	109,713	43,266	52,397
Proceeds from disposal of non-current assets held for sale		1,621,616	5,465,000	-	5,465,000
Proceeds from disposal of investment properties		833,400	-	-	-
Purchase of intangible assets		(672,283)	(478,253)	(2,460)	(856)
Purchase of investment properties		-	(676,400)	-	-
Purchase of property, plant and equipment	9	(2,218,707)	(1,374,519)	(396,500)	(2,423)
Repayments from/(Advances to) associates		107,843	3,220	107,843	(3,987)
Net cash (used in)/from investing activities		(3,617,532)	400,685	(878,526)	2,177,260

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash Flows from Financing Activities					
Advances from subsidiaries		-	-	4,851,886	137,625
Repayment of term loans		(22,288)	(31,334)	-	-
Purchase of treasury shares		(22,663)	(37,453)	(22,663)	(37,453)
Payment of hire purchase liabilities		(13,138)	(3,379)	-	-
Dividends paid non-controlling interest		-	(30,000)	-	-
Dividends paid to ordinary shareholders		(2,140,536)	(2,141,598)	(2,140,536)	(2,141,598)
Net cash (used in)/from financing activities		(2,198,625)	(2,243,764)	2,688,687	(2,041,426)
Effect of exchange rate changes		(164,070)	55,086	-	-
Net (decrease)/increase in cash and cash equivalents		(4,079,432)	(5,457,854)	4,365,420	1,202,159
Cash and cash equivalents at beginning of financial year		33,749,102	39,206,956	4,740,888	3,538,729
Cash and cash equivalents at end of financial year	36	29,669,670	33,749,102	9,106,308	4,740,888

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 2014

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 17 April 2015.

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 summary of 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 2014 (cont'd)

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

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

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

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

Amendments/Improvements to MFRSs	
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement
New IC Int	
IC Int 21	Levies

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

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 through 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 MFRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 do not change the current offsetting model in MFRS 132. The amendments clarify 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. These Amendments only impact the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

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

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.

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. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

(b) New MFRSs and Amendments/Improvements to MFRSs 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 and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs 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 2014 (cont'd)

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

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

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

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting

.

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position,and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

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

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendment to MFRS 2 Share-based Payment

Amendment to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify 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, Amendments to MFRS 3 clarify 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

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

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

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 reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

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

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The Amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 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 revaluation of 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.

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provide 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).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

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

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

(b) New MFRSs and Amendments/Improvements to MFRSs 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.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendment to MFRS 140 Investment Property

Amendment to MFRS 140 clarifies 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.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

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

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures (cont'd)

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2.3 Basis of consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries 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:-

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) 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:-

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

2.3 Basis of consolidation and Subsidiaries (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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.

2.5 Functional currency

(a) 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.

(b) 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.

(c) 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.

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

2.5 Functional currency (cont'd)

(c) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia (cont'd)

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.

2.6 Revenue Recognition

(a) 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.

(b) 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.

(c) Dividend Income

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

(d) Interest Income

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

(e) Management Fees

Management fees are recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

2.7 Employee Benefits

(a) 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.

(b) 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.

(c) 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 for financial year ended 31 December 2014 in February 2015.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 period, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

2.9 Property, Plant and Equipment and Depreciation (cont'd)

The principal annual rates used for this purpose are:

Buildings	2%
Plant & machinery & laboratory equipment	10%
Motor vehicles	10% - 20%
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.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

(a) Computer Software

Computer software acquired separately is measured on initial recognition at cost. These assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Computer software is amortised at annual rate of 10% on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. Computer software is assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software are reviewed at least at each reporting date.

(b) 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.

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

2.15 Impairment of Non-Financial Assets (cont'd)

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.

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.

(a) Financial Assets at Fair Value through Profit or Loss

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

2.17 Financial Assets (cont'd)

(b) 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.

(c) 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 2014 (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.

(a) 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.

(b) Unquoted Equity Securities Carried at Cost

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

2.19 Impairment of Financial Assets (cont'd)

(c) 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.

2.21 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term highly liquid investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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

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 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

(a) 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

2.25 Leases (cont'd)

(c) 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.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

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 in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries and jointly control entities as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 of the Company.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

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: (cont'd)

(i) Classification between investment properties and property, plant and equipment (cont'd)

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%

The directors 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 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.

(b) Key sources of estimation uncertainty

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. The directors 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

The cost of intangible asset is amortised on a straight line basis over the assets' useful lives. The directors 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

(iii) Valuation of investment properties

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

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

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.

(vi) Impairment of loans and receivables, amounts owing by subsidiaries and associates

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

(vii) Deferred tax assets

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

4. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Sale of goods	91,434,436	104,526,904	-	-
Sale of food and beverages	906,598	1,047,513	-	-
Sales of properties	-	6,075,934	-	-
Management fees	-	-	2,279,999	4,259,210
Rental income from investment properties	120,000	199,515	120,000	199,515
Dividend income	-	-	3,500,000	5,760,000
	92,461,034	111,849,866	5,899,999	10,218,725

5. DIRECT OPERATING COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cost of goods sold	37,715,426	42,877,044	-	-
Cost of food and beverages sold	1,288,049	1,370,971	-	-
Cost of properties sold	-	4,327,488	-	-
Operating expenses of income generating investment properties	14,064	52,781	14,064	52,781
	39,017,539	48,628,284	14,064	52,781

6. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amortisation of intangible assets	596,296	494,818	2,908	3,027
Auditors' remuneration:				
- auditors of the Company				
- statutory audits	177,200	183,700	11,500	11,000
- other services	12,000	11,000	12,000	11,000
- component auditors of the Group				
- statutory audits	25,469	26,306	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Bad debts written off	110,726	170	92,385	170
Deposits written off	-	22,123	-	-
Depreciation of property, plant and equipment	3,175,004	3,489,368	59,897	92,614
Employee benefits expense (Note (a))	25,313,573	25,924,684	2,396,571	2,732,696
Gain on disposal of investment properties	(157,000)	-	-	-
Gain on disposal of non-current asset held for sale	(246,366)	-	-	-
Impairment loss on:				
- amounts owing by subsidiaries	-	-	3,899,806	548,048
- goodwill	724,891	-	-	-
- other investments	-	745,988	-	745,988
- trade receivables	10,992	320,847	-	51,214
- other receivable	1,940	1,695	245	-
Interest expense:				
- term loan	793	3,286	-	-
- finance lease payables	2,318	2,020	-	-
Income distribution from short term fund	(882,317)	(851,924)	(187,507)	(166,443)
Intangible assets written off	230,555	9,540	-	-
Interest income	(227,633)	(210,991)	(22,174)	(17,695)
Inventories written off	87,364	269,540	-	-
Inventories written down/(back)	26,745	(85,129)	-	-
Loss on disposal of property, plant and equipment	179,731	133,316	152,072	131,749
Loss/(Gain) on foreign exchange:				
- realised	(18,603)	(21,090)	(2,962)	(4,871)
- unrealised	(468,671)	(186,078)	(13,480)	16,549
Property, plant and equipment written off	180,043	47,887	8,388	3,015

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental income	(470,280)	(480,680)	-	-
Rental of premises	1,179,745	1,313,351	221,780	183,480
Retirement benefits expense (Note 30)	549,961	400,905	181,003	248,237
Reversal of impairment loss on trade receivables	(216,420)	-	-	-

(a) Employee benefits expense are:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries and wages	18,642,058	18,869,527	1,054,413	943,381
Contributions to defined contribution plans	1,833,100	1,807,034	127,507	108,485
Directors' remuneration (Note (i))	4,798,527	5,363,095	1,215,824	1,705,145
Net addition/(reversal) of provision for employee benefits (Note 33)	39,888	(114,972)	(1,173)	(24,315)
	25,313,573	25,924,684	2,396,571	2,732,696

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Executive Directors:				
- other emoluments	3,705,606	4,431,320	537,600	986,771
- retirement benefits	549,961	400,905	181,003	248,237
	4,255,567	4,832,225	718,603	1,235,008
Estimated monetary value of benefits-in-kind	46,426	72,270	687	11,537
Total executive directors' remuneration	4,301,993	4,904,495	719,290	1,246,545
Non-executive Directors:				
- fees	432,000	408,000	432,000	408,000
- other emoluments	45,000	34,500	45,000	34,500
	477,000	442,500	477,000	442,500
Estimated monetary value of benefits-in-kind	19,534	16,100	19,534	16,100
Total non-executive directors' remuneration	496,534	458,600	496,534	458,600
Total directors' remuneration (including benefit-in-kind)	4,798,527	5,363,095	1,215,824	1,705,145

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

7. TAX EXPENSE/(CREDIT)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current income tax:				
Malaysian tax	180,527	623,512	-	960,000
Real property gain tax	16,666	-	-	-
Over provision in prior financial year	(45,293)	(162,854)	-	-
	151,900	460,658	-	960,000
Deferred tax (Note 18):				
Origination and reversal of temporary differences	12,013	(60,098)	108,573	127,849
Relating to changes in tax rate	-	67,952	-	114,470
Under/(Over) provision in prior financial year	286,581	138,317	(48,820)	(1,650,744)
	298,594	146,171	59,753	(1,408,425)
Tax expense/(credit)	450,494	606,829	59,753	(448,425)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (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	
	2014 RM	2013 RM	2014 RM	2013 RM
(Loss)/Profit before tax	(6,841,354)	(207,619)	(1,643,361)	4,696,522
Tax at the Malaysian statutory income tax rate of 25% (2013: 25%)	(1,710,339)	(51,978)	(410,800)	1,174,100
Effect of different tax rates in foreign jurisdictions	-	8,747	-	-
Tax effects arising from:				
- non-deductible expenses	1,682,732	970,562	147,447	433,321
- double deduction expenses	(147,900)	(314,500)	-	-
- non-taxable revenue	(1,543,770)	(456,007)	(921,877)	(514,245)
Effect of changes in tax rate on opening balance of deferred tax	-	67,952	-	114,470
Deferred tax recognised at different tax rates	121,507	15,537	(4,523)	(5,327)
Effect on real property gain tax	16,666	-	-	-
Deferred tax assets not recognised during the financial year	2,299,424	797,247	1,298,326	-
Utilisation of group relief	(509,114)	(362,694)	-	-
Utilisation of previously unrecognised deferred tax asset	-	(43,500)	-	-
(Over)/Under provision of deferred tax in prior financial years				
- income tax	(45,293)	(162,854)	-	-
- deferred tax	286,581	138,317	(48,820)	(1,650,744)
Tax expense/(credit)	450,494	606,829	59,753	(448,425)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government of Malaysia announced that the domestic statutory 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 2014 and 31 December 2013 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

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

The Group has unutilised tax losses and unabsorbed capital allowances of RM27,497,383 (2013: RM19,446,761) and RM1,490,901 (2013: RM697,168) respectively, available to be carried forward to set-off against future taxable profits.

The Company has unutilised tax losses of RM11,526,640 (2013: RM6,559,154) available to be carried forward to set off against future taxable profits.

8. LOSSES PER SHARE

(a) Basic losses per share amounts are calculated by dividing 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	
	2014 RM	2013 RM
Basic losses per share		
Net loss attributable to owners of the parent	(6,612,316)	(651,435)
Weighted average number of ordinary shares for basic losses per share computation (adjusted for treasury shares)	713,494,365	713,800,417
Basic losses per share (sen)	(0.93)	(0.09)

(b) The diluted losses per ordinary share of the Group for the financial years ended 31 December 2014 and 31 December 2013 are same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

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 1.1.2014	4,621,097	34,416,229	23,261,501	4,278,999	17,850,949	84,428,775
Additions	-	53,900	274,501	681,519	1,296,417	2,306,337
Disposals	-	-	-	(810,666)	(19,934)	(830,600)
Written off	-	-	(80,286)	-	(469,255)	(549,541)
Translation adjustments	-	-	5,096	-	5,071	10,167
At 31.12.2014	4,621,097	34,470,129	23,460,812	4,149,852	18,663,248	85,365,138
Accumulated Depreciation						
At 1.1.2014	-	9,590,210	20,327,529	3,277,748	11,973,045	45,168,532
Charge for the financial year	-	690,265	1,054,194	244,115	1,186,430	3,175,004
Disposals	-	-	-	(524,030)	(9,484)	(533,514)
Written off	-	-	(75,863)	-	(293,635)	(369,498)
Translation adjustments	-	-	678	627	10,155	11,460
At 31.12.2014	-	10,280,475	21,306,538	2,998,460	12,866,511	47,451,984
Net Carrying Amount						
At 31.12.2014	4,621,097	24,189,654	2,154,274	1,151,392	5,796,737	37,913,154

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (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
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 25)	-	(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
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 25)	-	(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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

Company	Motor Vehicles RM	Office Equipment, Furniture & Fittings RM	Electrical Installation RM	Computer Hardware RM	Total RM
Cost					
At 1.1.2014	601,778	14,002	1,360	79,514	696,654
Additions	396,500	-	-	-	396,500
Disposals	(601,778)	-	-	(420)	(602,198)
Written off	-	(10,710)	(1,360)	-	(12,070)
At 31.12.2014	396,500	3,292	-	79,094	478,886
Accumulated Depreciation					
At 1.1.2014	380,908	5,079	372	40,353	426,712
Charge for the financial year	51,507	345	11	8,034	59,897
Disposals	(406,706)	-	-	(154)	(406,860)
Written off	-	(3,299)	(383)	-	(3,682)
At 31.12.2014	25,709	2,125	-	48,233	76,067
Net Carrying Amount					
At 31.12.2014	370,791	1,167	-	30,861	402,819
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	40,353	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 2014 (cont'd)

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

a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM2,306,337 (2013: RM1,374,519) and RM396,500 (2013: RM2,423) which are satisfied by the following

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Finance lease liabilities	87,630	-	-	-
Cash payments	2,218,707	1,374,519	396,500	2,423
	2,306,337	1,374,519	396,500	2,423

b) Net carrying amount of office equipment acquired under hire purchase arrangements as at end of the financial year are as follows:

	Group	
	2014	2013
	RM	RM
Office equipment	15,492	18,992
Motor vehicle	106,148	-
	121,640	18,992

10. CAPITAL WORK-IN-PROGRESS

	Group	
	2014	2013
	RM	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

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 34.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

11. INTANGIBLE ASSETS

Group	Computer Software RM	Trademark RM	Total RM
Cost			
At 1.1.2014	6,211,033	25,779	6,236,812
Additions	672,283	-	672,283
Disposal	(29,128)	-	(29,128)
Written off	(230,555)	-	(230,555)
At 31.12.2014	6,623,633	25,779	6,649,412
Accumulated Amortisation			
At 1.1.2014	3,521,158	-	3,521,158
Charge for the financial year	596,296	-	596,296
Disposal	(19)	-	(19)
Written off	(213,255)	-	(213,255)
At 31.12.2014	3,904,180	-	3,904,180
Net carrying amount			
At 31.12.2014	2,719,453	25,779	2,745,232
Cost			
At 1.1.2013	5,742,320	25,779	5,768,099
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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

11. INTANGIBLE ASSETS (cont'd)

	Computer Software RM
Company	
Cost	
At 1.1.2014	29,812
Additions	2,460
At 31.12.2014	32,272
Accumulated Amortisation	
At 1.1.2014	15,308
Charge for the financial year	2,908
At 31.12.2014	18,216
Net carrying amount	
At 31.12.2014	14,056
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

Trademark

Trademark relates to "Pick'N Brew" brand name for the Group's restaurant that was acquired in a business combination.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

12. INVESTMENT PROPERTIES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
At beginning of the financial year	2,076,400	2,250,000	1,400,000	1,400,000
Addition	-	676,400	-	-
Disposal	(676,400)	-	-	-
Reclassified to non-current assets held for sale (Note 25)	-	(850,000)	-	-
At end of the financial year	1,400,000	2,076,400	1,400,000	1,400,00

(a) Included in the above are:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
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
	1,400,000	2,076,400	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
2014				
Leasehold land and building	-	1,400,000	-	1,400,000
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
2014				
Leasehold land and building	-	1,400,000	-	1,400,000
2013				
Leasehold land and building	-	1,400,000	-	1,400,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

12. INVESTMENT PROPERTIES (cont'd)

b) Fair value of investment properties are categorised as follows:- (cont'd)

The valuation of investment properties as at 31 December 2014 and 31 December 2013 is determined using open market value method which was derived by way of independent valuation performed by the professional valuers. The valuation was generally derived using the sales comparison approach, where sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and is therefore recognised under level 2 of the fair value hierarchy.

The directors and the professional valuer consider that it is appropriate to use the sales comparison approach.

There were no transfers between level 1, level 2 and level 3 during the financial years ended 31 December 2014 and 31 December 2013.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	**2013**
	RM	**RM**
Unquoted shares, at cost	83,168,802	83,168,802
Less: Accumulated impairment loss	(3,247,428)	(3,247,428)
	79,921,374	79,921,374

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

13. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2014	Effective Equity Interest 2013
CNI Enterprise (M) Sdn. Bhd	Malaysia	Sale and distribution of health care and consumer products	100%	100%
Exclusive Mark (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages	100%	100%
Q-Pack (M) Sdn. Bhd.	Malaysia	Manufacturing, trading and packaging of household and personal care products	100%	100%
Symplesoft Sdn. Bhd.	Malaysia	Provision of information technology, shared services and e-commerce related services	100%	100%
Infuso Sdn. Bhd.	Malaysia	Property trading and investment, supply of food and beverage	100%	100%
Lotus Supplies Sdn. Bhd.	Malaysia	Import and distribution of food ingredients	70%	70%
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%
CNI Global (Malaysia) Sdn. Bhd.	Malaysia	Sale and distribution of health care and consumer products	100%	100%
Creative Network International (Thailand) Co., Ltd. #	Thailand	Sale and distribution of health care and consumer products in Thailand	49%	49%

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

13. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2014	Effective Equity Interest 2013
Subsidiaries of Symplesoft Sdn. Bhd.				
Symplesoft eSolutions Sdn. Bhd.	Malaysia	Provision of software and e-commerce solutions	100%	100%
Sierra Edge Sdn. Bhd.	Malaysia	Software research and development	60%	60%
Subsidiaries of Exclusive Mark (M) Sdn. Bhd.				
Bright Way Avenue Sdn. Bhd.	Malaysia	Marketing and distributing coffee and other related beverage products	100%	100%
Top One Biotech Co., Ltd. #	Taiwan	Manufacturing, sale and distribution of foodstuffs and groceries	70%	70%

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) 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
2014					
NCI percentage of ownership interest and voting interest	30%	51%	40%	30%	
Carrying amount of NCI	502,025	(834,449)	74,305	391,666	133,547
Profit/(Loss) allocated to NCI	20,773	(629,572)	2,294	(73,027)	(679,532)
2013					
NCI percentage of ownership interest and voting interest	30%	51%	40%	30%	
Carrying amount of NCI	481,252	(204,877)	72,011	464,693	813,079
(Loss)/Profit allocated to NCI	(8,100)	(119,313)	29,422	(65,022)	(163,013)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) 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
2014					
Assets and liabilities					
Non-current assets	106,265	498,590	697,292	1,752,533	3,054,680
Current assets	1,655,865	1,350,406	94,351	319,374	3,419,996
Non-current liabilities	(8,726)	(56,594)	(62,720)	-	(128,040)
Current liabilities	(79,984)	(3,394,504)	(43,262)	(1,202,398)	(4,720,148)
Net assets/(liabilities)	1,673,420	(1,602,102)	685,661	869,509	1,626,488
Results					
Revenue	3,110,432	-	349,055	1,182,416	4,641,903
Profit/(Loss) for the financial year	69,244	(1,234,455)	5,736	(243,425)	(1,402,900)
Total comprehensive income	69,244	(1,234,455)	5,736	(243,425)	(1,402,900)
Cash flows from operating activities	459,363	(1,240,447)	241,802	6,748	(532,534)
Cash flows from investing activities	(3,000)	(472,890)	(4,836)	(156,293)	(637,019)
Cash flows from financing activities	(3,285)	2,555,106	-	-	2,551,821
Dividends paid to NCI	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) 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
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
(Loss)/Profit 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	233,287	100,761	119,281	(8,698)	444,631
Cash flows from investing activities	(2,413)	-	(169,694)	(176,246)	(348,353)
Cash flows from financing activities	(110,554)	-	-	346,969	236,415
Dividends paid to NCI	30,000	-	-	-	30,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

14. INVESTMENT IN ASSOCIATES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January	4,167,249	667,249	3,518,000	18,000
Additions	818,182	3,500,000	818,182	3,500,000
At 31 December	4,985,431	4,167,249	4,336,182	3,518,000
Share of post-acquisition reserves				
At 1 January	(165,355)	(72,477)	-	-
Additions	(1,730,404)	(92,878)	-	-
At 31 December	(1,895,759)	(165,355)	-	-
	3,089,672	4,001,894	4,336,182	3,518,000

(a) There is no quoted market price available for the associates as these are private companies.

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

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2014	Effective Equity Interest 2013
CNI Petro Sdn. Bhd. (formerly known as Agriscience Biotech (Malaysia) Sdn. Bhd.)	Malaysia	Dormant	30%	30%
CNI Corporation Sdn. Bhd. ^ ©	Malaysia	Investment holding and provision of management service and commission agent	30%	30%
Associate of Infuso Sdn. Bhd.				
Tunas Citarasa Sdn. Bhd. #	Malaysia	Operation of food and beverage outlets	49%	49%

^ The audited financial statements and audit report for the financial year were not available. However, the financial statements of the associate used for equity accounting purposes were reviewed by Baker Tilly AC.

© Audited by another professional firm of accountants other than Baker Tilly AC in the previous financial year.

Audited by another professional firm of accountants other than Baker Tilly AC.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

14. INVESTMENT IN ASSOCIATES (cont'd)

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

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

	CNI Corporation Sdn. Bhd. RM	Tunas Citarasa Sdn. Bhd. RM	Total RM
2014			
Assets and liabilities			
Current assets	12,519,904	308,366	12,828,270
Non-current assets	2,645,029	857,475	3,502,504
Current liabilities	(10,045,084)	(789,933)	(10,835,017)
Net assets	5,119,849	375,908	5,495,757
Results			
Revenue	11,219,834	699,402	11,919,236
(Loss)/Profit for the financial year representing total comprehensive income for the financial year	(4,752,808)	(621,556)	(5,374,364)
2013			
Current assets	12,098,061	745,698	12,843,759
Non-current assets	8,142,186	319,370	8,461,556
Current liabilities	(7,563,074)	(49,262)	(7,612,336)
Net assets	12,677,173	1,015,806	13,692,979
Results			
Revenue	847,285	785,431	1,632,716
Profit/(loss) for the financial year representing total comprehensive income for the financial year	12,269,099	(189,547)	12,079,552

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (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
2014			
Group's share of net assets	1,535,955	184,195	1,720,150
Goodwill	1,668,525	4,149	1,672,674
Unrecognised bargain purchase	(303,152)	-	(303,152)
Carrying amount in the statement of financial position	2,901,328	188,344	3,089,672
Share of results of the Group for the financial year ended 31 December 2014	(1,425,842)	(304,562)	(1,730,404)
Dividend received	-	-	-
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	-	-	-

(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 RM1,110 (2013: RM30,074) in the current financial year and RM89,838 (2013: RM88,728) cumulatively. The Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

15. INVESTMENT IN PREFERENCE SHARES

	Group 2014 RM	Group 2013 RM
Non-current		
Financial assets held to maturity:		
- Non-convertible redeemable preference shares	3,500,000	-

The redemption price for the non-convertible redeemable preference shares which represents the sum guaranteed by a related party, is calculated as follows:

(a) RM1.00 for each preference share if the total dividends received by the Group within 24 months from the date of allotment of the preference shares equal to or is more than RM840,000;

(b) RM1.15 for each preference share of the total dividends received by the Group within 24 months from the date of allotment of the preference shares is more than RM420,000 but less than RM840,000;

(c) RM1.25 for each preference share of the total dividends received by the Group within 24 months from the date of allotment of the preference shares is more than RM210,000 but less than or equal to RM420,000; or

(d) RM1.35 for each preference share if:
   (i) No dividend has been paid or received by the Group; or
   (ii) The total dividends received within 24 months from the date of allotment is less than or equal to RM210,000.

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

16. GOODWILL

	Group 2014 RM	Group 2013 RM
Cost		
At beginning/end of the financial year	1,144,002	1,144,002
Accumulated impairment loss		
At beginning of the financial year	219,111	219,111
Charge for the financial year	724,891	-
At end of the financial year	944,002	219,111
Net carrying amount	200,000	924,891

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

16. GOODWILL (cont'd)

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

	Group	
	2014 RM	2013 RM
Marketing and trading	-	724,891
Software research and development	200,000	200,000
	200,000	924,891

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

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:

	Software research and development RM	Marketing and trading RM
2014		
Key assumptions used in value-in-use calculations		
Growth rate	62%	-
Discount rate	11.5%	-
2013		
Key assumptions used in value-in-use calculations		
Growth rate	26%	24%
Discount rate	11.8%	11.8%

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

16. GOODWILL (cont'd)

Sensitivity to change in assumptions

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

Impairment loss recognised

During the financial year, the Group recognised an impairment loss of RM724,891 in respect of the goodwill arising on consolidation. The goodwill relates to a subsidiary which was loss-making as a result of poor performance from the subsidiary, hence the related goodwill had been impaired accordingly.

17. OTHER INVESTMENTS

	Group	
	2014 RM	2013 RM
Non-current		
Available-for-sale financial assets:		
- equity instruments (unquoted), at cost	2,000,000	2,000,000
Less: Accumulated impairment loss	(745,988)	(745,988)
	1,254,012	1,254,012
Current		
Held for trading investment:		
- short term fund (quoted) (Note 36)	19,778,471	26,878,517
Total investments	21,032,483	28,132,529
Market value of quoted investments	19,778,471	26,878,517

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

17. OTHER INVESTMENTS (cont'd)

	Group	
	2014	2013
	RM	RM
Non-current		
Available-for-sale financial assets:		
- equity instruments (unquoted), at cost	2,000,000	2,000,000
Less: Accumulated impairment loss	(745,988)	(745,988)
	1,254,012	1,254,012
Current		
Held for trading investment:		
- short term fund (quoted) (Note 36)	7,440,399	4,273,541
Total investments	8,694,411	5,527,553
Market value of quoted investments	7,440,399	4,273,541

(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.

(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.

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Deferred tax assets/ (liabilities)				
At beginning of the financial year	2,191,174	2,337,345	2,549,425	1,141,000
Recognised in profit or loss (Note 7)	(298,594)	(146,171)	(59,753)	1,408,425
Translation adjustment	698	-	-	-
At end of the financial year	1,893,278	2,191,174	2,489,672	2,549,425

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

(a) Presented after appropriate off-setting as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Deferred tax assets	3,210,304	3,090,118	2,507,802	2,635,353
Deferred tax liabilities	(1,317,026)	(898,944)	(18,130)	(85,928)
	1,893,278	2,191,174	2,489,672	2,549,425

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

	Group	
	2014	2013
	RM	RM
Deferred tax assets		
Provision for obsolete inventories	80,146	-
Provision for employee benefits	10,739	282
Retirement benefits	1,242,417	1,058,083
Unabsorbed capital allowances	117,130	-
Unrealised loss on foreign exchange	-	4,481
Unutilised tax losses	1,302,398	1,596,307
Unrealised profits on inventories	457,474	430,965
	3,210,304	3,090,118
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(1,259,540)	(569,435)
Effect of real property gain tax	-	(281,264)
Unrealised gain on foreign exchange	(57,486)	(48,245)
	(1,317,026)	(898,944)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

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

	Company	
	2014 RM	2013 RM
Deferred tax assets		
Retirement benefits	987,802	1,058,083
Provision for employee benefits	-	282
Unrealised loss on foreign exchange	-	2,791
Unutilised tax losses	1,520,000	1,574,197
	2,507,802	2,635,353
Deferred tax liabilities		
Unrealised gain on foreign exchange	(3,236)	-
Differences between the carrying amounts of property, plant and equipment and their tax bases	(7,794)	(15,928)
Effect of real property gain tax	(7,100)	(70,000)
	(18,130)	(85,928)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

The deferred tax assets are recognised for unabsorbed capital allowances and unutilised tax losses as the management considered it probable that the future taxable profits of the subsidiaries based on the projected future profits will be available against which they can be utilised.

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

	Group	
	2014 RM	2013 RM
Unabsorbed capital allowances	1,002,859	697,168
Unutilised tax losses	22,070,725	12,795,482
	23,073,584	13,492,650

	Company	
	2014 RM	2013 RM
Unutilised tax losses	5,193,307	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

19. INVENTORIES

	Group	
	2014	2013
	RM	RM
At cost		
Raw materials	5,978,887	4,620,613
Work-in-progress	421,396	192,788
Consumable tools	210,407	169,934
Packaging materials	1,948,390	2,333,827
Merchandised goods	4,791,691	7,956,209
Finished goods	1,119,309	1,068,184
Sales aid items	43,030	62,550
	14,513,110	16,404,105
At net realisable value		
Packaging materials	75,810	-
Merchandised goods	-	110,948
Finished goods	31,848	-
Consumable tools	300	300
	14,621,068	16,515,353

	Company	
	2014	2013
	RM	RM
At net realisable value		
Consumable tools	300	300

During the financial year, inventories of the Group recognised as cost of sales amounted to RM25,761,328 (2013: RM33,301,260). In addition, the amounts recognised in the cost of sales include the following:

	Group	
	2014	2013
	RM	RM
Inventories written down/(back)	26,745	(85,129)
Inventories written off	87,364	269,540
	114,109	184,411

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

20. TRADE RECEIVABLES

	Group	
	2014	2013
	RM	RM
Third parties	9,277,629	7,626,049
Related parties	4,080,506	8,927,378
	13,358,135	16,553,427
Less: Accumulated impairment loss		
- Third parties	(619,288)	(780,396)
- Related parties	(106,230)	(149,886)
	(725,518)	(930,282)
Trade receivable, net	12,632,617	15,623,145

	Company	
	2014	2013
	RM	RM
Third parties	63,731	65,931
Less: Accumulated impairment loss	(51,214)	(51,214)
	12,517	14,717

(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 (2013: 30 to 120 days) and within 30 days (2013: 30 days) respectively.

In the previous financial year, included in the trade receivables of the Group is an amount owing by a related party of RM6,219,055 for the repurchase of completed properties which bore 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. The amount was fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

20. TRADE RECEIVABLES (cont'd)

(b) Ageing analysis of trade receivables

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

	Group	
	2014	**2013**
	RM	**RM**
Neither past due nor impaired	6,400,217	11,514,859
1 to 30 days past due not impaired	2,152,227	1,821,385
31 to 60 days past due not impaired	1,379,752	1,200,069
61 to 90 days past due not impaired	81,406	40,335
More than 91 days past due not impaired	2,619,015	1,046,497
	6,232,400	4,108,286
Impaired	725,518	930,282
	13,358,135	16,553,427

	Company	
	2014	**2013**
	RM	**RM**
More than 91 days past due not impaired	12,517	14,717
Impaired	51,214	51,214
	63,731	65,931

<u>Receivables that are neither past due nor impaired</u>

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.

<u>Receivables that are past due but not impaired</u>

The Group and the Company have trade receivables amounting to RM6,232,400 (2013: RM4,108,286) and RM12,517 (2013: RM14,717) respectively that are past due at the reporting date but not impaired.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

20. 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)

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

	Individually impaired	
	2014 RM	2013 RM
Group		
Trade receivables, gross	953,084	1,118,227
Less: Accumulated impairment loss	(725,518)	(930,282)
	227,566	187,945

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	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	930,282	583,015	51,214	-
Charge for the financial year (Note 6)	10,992	320,847	-	51,214
Written off	(10,269)	-	-	-
Reversal (Note 6)	(216,420)	-	-	-
Exchange difference	10,933	26,420	-	-
At 31 December	725,518	930,282	51,214	51,214

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

	Group	
	2014 RM	2013 RM
Hong Kong Dollar	696	-
Singapore Dollar	3,536,160	3,107,948
Thailand Baht	223,378	51,409
United States Dollar	4,033,739	2,014,150

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2014	2013
	RM	RM
Advance to suppliers	881,103	803,700
Other receivables	2,422,880	1,000,390
Deposits	1,122,010	1,535,118
Prepayments	649,711	553,703
	5,075,704	3,892,911
Less: Accumulated impairment loss		
- Other receivables	(3,635)	(1,695)
	5,072,069	3,891,216

	Company	
	2014	2013
	RM	RM
Current		
Other receivables	28,082	186,467
Deposits	29,189	67,257
Prepayments	17,904	33,994
	75,175	287,718
Less: Accumulated impairment loss		
- Other receivables	(245)	-
	74,930	287,718

Included in the other receivables of the Group are amounts owing by related companies amounting to RM1,288,578 (2013: RM317,957). 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 38.

22. AMOUNTS OWING BY ASSOCIATES

These amounts are non-trade in nature, unsecured, interest free and repayable upon demand in cash and cash equivalents. In the previous financial year, there was an amount owing by an associate of RM100,000 which bore interest at a rate of 3.75% per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

23. AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Amounts owing by subsdiaries	12,665,350	17,349,360
Less: Accumulated impairment loss	(6,447,854)	(2,548,048)
	6,217,496	14,801,312
Amounts owing to subsdiaries	165,266	10,870

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

24. CASH AND BANK BALANCES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances (Note 36)	9,891,199	6,870,585	1,665,909	467,347

The foreign currency exposure profile for cash and bank balances of the Group is as follows:

	Group	
	2014 RM	2013 RM
Brunei Dollar	398,169	88,953
Chinese Renminbi	2,141	3,552
Euro	12,779	16,073
Hong Kong Dollar	338	1,534
Indian Rupee	651	659
Indonesian Rupiah	338	-
Japanese Yen	-	2,122
Singapore Dollar	498,481	566,146
United States Dollar	722,732	1,798,787
Vietnamese Dong	109	104
Taiwan Dollar	74,427	222,871
Thai Baht	892,495	146,048

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

25. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At beginning of the financial year	1,375,250	5,465,000	-	5,465,000
Disposal	(1,375,250)	(5,465,000)	-	(5,465,000)
Reclassified from property, plant and equipment (Note 9)	-	525,250	-	-
Reclassified from investment properties (Note 12)	-	850,000	-	-
	-	1,375,250	-	-

The following are held under lease terms:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold land and buildings	-	1,375,250	-	-

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 condominium for a cash consideration of RM721,616 and RM900,000 respectively. This disposal of the properties was completed during the financial year.

26. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2014	2013	2014	2013
Authorised	UNIT	UNIT	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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

27. TREASURY SHARES

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

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 19 June 2014, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 200,000 of its issued ordinary shares from the open market at an average price of RM0.113 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM22,663. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

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 RM1,662,595 (2013: RM1,639,932) as at financial year end.

As at 31 December 2014, the Company had a total of 6,588,100 (2013: 6,388,100) 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
	UNIT	RM	RM	RM	RM
2014					
March 2014	100,000	0.110	0.110	0.110	11,079
August 2014	100,000	0.115	0.115	0.115	11,584
	200,000				22,663
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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

28. OTHER RESERVES

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.

29. FINANCE LEASE PAYABLES

	Group	
	2014	2013
	RM	RM
Gross instalment payments	95,982	14,400
Less: Future finance charges	(9,398)	(2,308)
Total present value of finance lease payables	86,584	12,092
Payable within one year		
Gross instalment payments	29,674	5,400
Less: Future finance charges	(3,127)	(1,390)
Present value of finance lease payables	26,547	4,010
Payable more than 1 year but not more than 2 years		
Gross instalment payments	27,874	5,400
Less: Future finance charges	(2,523)	(761)
Present value of finance lease payables	25,351	4,639
Payable more than 2 years but not more than 5 years		
Gross instalment payments	38,434	3,600
Less: Future finance charges	(3,748)	(157)
Present value of finance lease payables	34,686	3,443
Total present value of finance lease payables	86,584	12,092

The finance lease payables of the Group bear effective interest at rates ranging from 4.38% to 10.88% (2013: 12.05%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

30. RETIREMENT BENEFITS

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

	Group	
	2014	2013
	RM	RM
At beginning of the financial year	7,238,020	10,256,678
Current service costs and interest (Note 6)	549,961	400,905
Remeasurement of actuarial (gain)/loss from:		
- financial assumption	(36,696)	70,150
- experience	(220,986)	143,392
Benefits paid	(800,000)	(3,633,105)
At end of the financial year	6,730,299	7,238,020

	Company	
	2014	2013
	RM	RM
At beginning of the financial year	3,934,839	7,042,608
Current service costs and interest (Note 6)	181,003	248,237
Remeasurement of actuarial (gain)/loss from:		
- financial assumption	(20,229)	35,424
- experience	(120,126)	241,675
Benefits paid	-	(3,633,105)
At end of the financial year	3,975,487	3,934,839

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

	Group/ Company	
	2014	2013
	RM	RM
Discount rate	4.70%	4.60%
Inflation rate	3.00%	3.00%
Salary increase rate	3.00%	3.00%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

30. RETIREMENT BENEFITS (cont'd)

(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	
	Increase	**Decrease**
2014	**RM**	**RM**
Group		
Discount rate (1% movement)	377,867	(354,268)
Inflation rate (1% movement)	393,685	(376,672)
Salary increase (1% movement)	393,685	(376,672)
Company		
Discount rate (1% movement)	207,899	(195,737)
Inflation rate (1% movement)	196,769	(189,274)
Salary increase (1% movement)	196,769	(189,274)
2013		
Group		
Discount rate (1% movement)	488,497	(453,116)
Inflation rate (1% movement)	463,936	(439,679)
Salary increase (1% movement)	463,936	(439,679)
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)

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

31. TRADE PAYABLES

The normal trade credit term granted by the trade creditors to the Group ranging from 30 to 90 days (2013: 30 to 90 days).

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

	Group	
	2014	**2013**
	RM	**RM**
Singapore Dollar	421,781	116,327
United States Dollar	108,498	981,484

32. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group	
	2014	**2013**
	RM	**RM**
Advances from customers	2,374,945	1,309,488
Other payables	1,777,493	1,634,538
Deposits	1,188,839	2,248,546
Accruals	5,464,731	5,960,191
	10,806,008	11,152,763

	Company	
	2014	**2013**
	RM	**RM**
Other payables	85,032	184,018
Deposits	89,079	89,079
Accruals	86,538	98,356
	260,649	371,453

Included in other payables of the Group are amounts owing to related parties amounting to RM972,761 (2013: RM594,843). 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 38.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

33. PROVISION FOR EMPLOYEE BENEFITS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At beginning of the financial year	45,598	160,570	1,173	25,488
Additions	103,116	45,598	-	1,173
Reversal	(63,228)	(160,570)	(1,173)	(25,488)
Net addition/(reversal) of employee benefits (Note 6)	39,888	(114,972)	(1,173)	(24,315)
At end of the financial year	85,486	45,598	-	1,173

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. TERM LOAN

	Group	
	2014 RM	2013 RM
Secured		
Due within 1 year	3,768	26,056

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% (2013: 7.10%) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

35. DIVIDENDS

	Group/Company	
	2014	2013
	RM	RM
Recognised during the financial year		
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
Single tier interim dividend of RM0.003 per share on 713,511,900 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2013	2,140,536	-

The Company declared a single tier interim dividend of RM0.003 per ordinary share amounting to RM2,140,086 in respect of the current financial year and payable to the shareholders on 16 April 2015, whose names appear on the Record of Depositors as at 19 March 2015. 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 2015.

36. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash and bank balances (Note 24)	9,891,199	6,870,585	1,665,909	467,347
Short term fund (Note 17)	19,778,471	26,878,517	7,440,399	4,273,541
	29,669,670	33,749,102	9,106,308	4,740,888

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

37. CAPITAL COMMITMENTS

	Group	
	2014 RM	2013 RM
In respect of capital expenditure approved and contracted for:		
- Purchase of property, plant and equipment	189,825	-
- Committed capital work-in-progress	-	35,774
- Acquisition of other intangible assets	252,240	-
	442,065	35,774
In respect of capital expenditure approved and not contracted for:		
- Purchase of property, plant and equipment	881,620	2,793,440

38. RELATED PARTIES TRANSACTIONS

a) Identity of related parties

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

The Group and the Company have related party relationships with their 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

38. RELATED PARTIES TRANSACTIONS (cont'd)

(b) Transactions with related parties are as follows:

	Group	
	2014	**2013**
	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:		
- Hotel services	-	89,103
- Investment in preference shares	3,500,000	-
- Interest charge	(129,824)	(129,824)
- Management fee	212,714	264,146
- Purchase of goods	159,981	471,040
- Purchase of intangible assets	189,103	111,281
- Rental charge	91,200	72,700
- Rental income	(453,180)	(469,380)
- Research and development expenditure	387,150	438,131
- Sales	(1,110,911)	(1,964,244)
- Sale of properties	(833,400)	(6,075,933)
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	195,071	263,002
- Sales	(5,160,255)	(3,215,008)
Transaction with a corporate shareholder of a subsidiary is as follows:		
- Royalty income	349,055	277,344
Transactions with directors are as follows:		
- Consultancy services	144,500	72,500
- Disposal of property, plant and equipment	-	(1,815)
Transaction with a director of a subsidiary is as follows:		
- Consultancy services	158,668	-

Information regarding outstanding balances arising from related parties transactions at each reporting date are disclosed in Notes 20, 21, 22, 23 and 32.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

38. RELATED PARTIES TRANSACTIONS (cont'd)

(c) Transactions with related parties are as follows:

	Company	
	2014 RM	2013 RM
Transactions with subsidiaries are as follows:		
- Dividend income (gross) received and receivable	(3,500,000)	(5,760,000)
- Disposal of intangible assets	-	(686)
- Disposal of property, plant and equipment	266	(50,000)
- Information communication technologies shared charges paid and payable	42,468	71,712
- Management fee income received and receivable	(2,279,999)	(4,259,210)
- Purchase of intangible assets	-	856
- Purchase of property, plant and equipment	5,381	2,024
- Purchase of products and food	40,285	104,354
- Rental of premises paid and payable	221,780	183,480
Transactions with associate is as follows:		
- Interest income received and receivable	(3,685)	(3,987)
Transactions with directors are as follows:		
- Disposal of property, plant and equipment	-	(1,815)
- Consultancy services	144,500	72,500
Transaction with a director of a subsidiary is as follows:		
- Consultancy services	158,668	-

(d) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short term employees benefits	3,868,139	4,519,455	977,221	1,351,216
Post-employment benefits	930,388	843,640	238,603	353,929
	4,798,527	5,363,095	1,215,824	1,705,145

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

39. OPERATING LEASE COMMITMENTS

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

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

	Group	
	2014	**2013**
	RM	**RM**
Not later than one year	934,997	436,592
Later than one year but not later than five years	540,058	135,902
	1,475,055	572,494

40. SEGMENT INFORMATION

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

Investment holding	Investment in shares and investment and renting out of properties
Manufacturing	Manufacturing, trading and packaging of consumer, health and personal care products
Marketing and trading	Sales and distribution of health care and consumer products, import and distribution of food ingredients, 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 2014 (cont'd)

40. SEGMENT INFORMATION (cont'd)

	Note	Investment Holding RM	Manufacturing RM	Marketing & Trading RM	Food & Beverages RM	Adjustments & Eliminations RM	Consolidated RM
2014							
Revenue							
External revenue		120,000	17,419,962	74,014,474	1,036,422	-	92,590,858
Inter-segment revenue	a	5,779,999	20,142,487	4,286,367	549,438	(30,758,291)	-
Total revenue		5,899,999	37,562,449	78,300,841	1,585,860	(30,758,291)	92,590,858
Results							
Income distribution from short term funds		187,507	43,304	651,506	-	-	882,317
Interest income		22,174	28,385	59,637	12,787	(25,174)	97,809
Dividend income		3,500,000	-	-	-	(3,500,000)	-
Depreciation and amortisation		(62,805)	(1,380,052)	(1,908,704)	(118,675)	(87,809)	(3,558,045)
Share of results of associates		(1,425,842)	-	-	(304,562)	-	(1,730,404)
Other non-cash (expenses)/income	b	(432,920)	4,359	(888,759)	(112,586)	(27,839)	(1,457,745)
Segment (loss)/profit	c	(1,643,361)	(103,309)	(2,927,477)	(11,466)	(2,155,741)	(6,841,354)
Segment Assets							
Investment in associates		4,336,182	-	-	649,249	(1,895,759)	3,089,672
Additions to non-current assets	d	398,960	381,448	2,180,879	18,558	(1,225)	2,978,620
Segment assets	e	105,814,287	37,670,432	83,392,567	5,850,414	(116,030,896)	116,696,804
Segment liabilities	f	4,401,402	12,382,673	34,417,090	10,616,139	(37,948,670)	23,868,634

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

40. 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
Results							
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		-	-	-	(92,878)	-	(92,878)
Other non-cash (expenses)/income	b	(426,631)	53,814	(1,352,476)	(5,102)	910,551	(819,844)
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 2014 (cont'd)

40. 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:

	2014 RM	2013 RM
Bad debts written off	110,726	170
Deposit written off	-	22,123
Inventories written off	87,364	269,540
Inventories written down/(back)	26,745	(85,129)
Impairment loss on goodwill	724,891	-
Impairment loss on trade receivables	10,992	320,847
Impairment loss on other receivable	1,940	1,695
Intangible assets written off	230,555	9,540
Loss on disposal of property, plant and equipment	179,731	133,316
Net addition/(reversal) of employee benefits	39,888	(114,972)
Property, plant and equipment written off	180,043	47,887
Retirement benefits expense	549,961	400,905
Reversal of impairment loss on trade receivables	(216,420)	-
Unrealised gain on foreign exchange	(468,671)	(186,078)
	1,457,745	819,844

(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:

	2014 RM	2013 RM
Share of results of associates	(1,730,404)	(92,878)
Profit from inter-segment sales	(6,350,510)	(13,749,111)
Finance costs	-	22,112
Unallocated corporate expenses	9,330,099	10,543,441
Other income	(3,404,926)	(3,228,415)
	(2,155,741)	(6,504,851)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

40. SEGMENT INFORMATION (cont'd)

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

	2014 RM	2013 RM
Property, plant and equipment	2,306,337	1,374,519
Other intangible assets	672,283	478,253
Investment properties	-	676,400
	2,978,620	2,529,172

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

	2014 RM	2013 RM
Deferred tax assets	457,474	430,965
Inter-segment assets	(116,488,370)	(115,646,925)
	(116,030,896)	(115,215,960)

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

	2014 RM	2013 RM
Inter-segment liabilities	(37,948,670)	(34,700,348)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

40. SEGMENT INFORMATION (cont'd)

(g) Geographical Information

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

	2014 RM	2013 RM
Australia	69,273	13,043
Brunei	4,930,921	5,521,929
Holland	66,104	-
Canada	91,879	94,910
China	4,823,246	2,559,023
Hong Kong	931,116	742,956
India	8,045	18,268
Indonesia	1,396,708	3,712,023
Malaysia	73,440,693	93,187,679
Philippines	5,750	54,101
United States of America	1,293,242	808,007
Singapore	2,384,530	4,680,120
Sri Lanka	693,727	19,723
Thailand	2,455,624	567,908
	92,590,858	111,979,690

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 RM	Singapore RM	Taiwan RM	Thailand RM	Consolidated RM
2014					
Property, plant and equipment	35,708,262	133,837	1,572,465	498,590	37,913,154
Capital work-in-progress	1	-	-	-	1
Investment properties	1,400,000	-	-	-	1,400,000
Investment in associates	3,089,672	-	-	-	3,089,672
Goodwill	200,000	-	-	-	200,000
Intangible assets	2,722,957	-	22,275	-	2,745,232
Total non-current assets (excluding financial instruments and deferred tax assets)	43,120,892	133,837	1,594,740	498,590	45,348,059

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

40. SEGMENT INFORMATION (cont'd)

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

	Malaysia RM	Singapore RM	Taiwan RM	Thailand RM	Consolidated RM
2013					
Property, plant and equipment	37,493,047	145,486	1,621,710	-	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 (excluding financial instruments and deferred tax assets)	47,211,887	145,486	1,621,710	-	48,979,083

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

(a) Credit Risk (cont'd)

Exposure to credit risk

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

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 20.

(b) Liquidity Risk

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (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
2014					
Financial liabilities:					
Trade payables	4,839,245	4,839,245	4,839,245	-	-
Other payables	10,806,008	10,806,008	10,806,008	-	-
Finance lease payables	86,584	95,982	29,674	27,874	38,434
Term loan	3,768	3,869	3,869	-	-
	15,735,605	15,745,104	15,678,796	27,874	38,434
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	26,949	23,080	3,869	-
	15,171,714	15,174,915	15,162,046	9,269	3,600

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
2014					
Financial liability:					
Amount owing to subsidiaries	165,266	165,266	165,266	-	-
Other payables	260,649	260,649	260,649	-	-
	425,915	425,915	425,915	-	-
2013					
Financial liability:					
Amount owing to subsidiaries	10,870	10,870	10,870	-	-
Other payables	371,453	371,453	371,453	-	-
	382,323	382,323	382,323	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

(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.

(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"), United States Dollar ("USD") and Thai Baht ("THB").

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 SGD, USD and THB) amounted to RM2,602,660 (2013: RM2,846,949).

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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

(d) Foreign Currency Risk (cont'd)

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 SGD, USD and THB exchange rates against the respective functional currency of the Group entities, with all other variables held constant:

			Group	
			2014	2013
			RM	RM
			Loss net of tax	
SGD/RM	-	strengthen by 7%	189,680	225,380
	-	weaken by 7%	(189,680)	(225,380)
USD/RM	-	strengthen by 7%	244,020	165,950
	-	weaken by 7%	(244,020)	(165,950)
THB/RM	-	strengthen by 7%	58,580	7,670
	-	weaken by 7%	(58,580)	(7,670)

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

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 reviews the capital structure on an annual basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

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

	2014 RM	2013 RM
Total debt	90,352	38,148
Total equity	92,828,170	102,148,734
Debt to equity	0.10%	0.04%

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 RM	2013 RM
Group		
Financial Assets		
Loans and receivables		
- Receivables, net of prepayments	17,054,975	18,960,658
- Amount owing by associates	153,701	348,729
- Cash and bank balances	9,891,199	6,870,585
	27,099,875	26,179,972
Available-for-sale		
- Equity instrument	1,254,012	1,254,012
Held for trading		
- Short term fund	19,778,471	26,878,517
Financial Liabilities		
Other financial liabilities		
- Payables	15,645,253	15,133,566
- Term loan	3,768	26,056
- Finance lease payables	86,584	12,092
	15,735,605	15,171,714

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

43. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

	2014 RM	2013 RM
Company		
Financial Assets		
Loans and receivables		
- Receivables, net of prepayments	69,543	268,441
- Amount owing by associates	153,701	348,729
- Amount owing by subsidiaries	6,217,496	14,801,312
- Cash and bank balances	1,665,909	467,347
	8,106,649	15,885,829
Available-for-sale		
- Equity instrument	1,254,012	1,254,012
Held for trading		
- Short term fund	7,440,399	4,273,541
Financial Liabilities		
Other financial liabilities		
- Amount owing to subsidiaries	165,266	10,870
- Payables	260,649	371,453
	425,915	382,323

(b) Fair values of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of the financial year approximate their fair values.

(c) Methods and assumptions used to estimate fair value

The fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, receivables and payables, amount owing by/(to) subsidiaries and associates.

The carrying amounts of cash and cash equivalents, receivables and payables and amount owing by/(to) subsidiaries and associates are reasonable approximation of fair values due to short term nature of these financial instruments.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

43. FINANCIAL INSTRUMENTS (cont'd)

(c) Methods and assumptions used to estimate fair value (cont'd)

(iii) Quoted Investments

The fair values of quoted short-term fund 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
2014	**RM**	**RM**	**RM**	**RM**
Financial Assets				
Unquoted equity instruments	1,254,012	*	1,254,012	*
Financial Liabilities				
Finance lease payables	86,584	85,812	-	-
2013				
Financial Assets				
Unquoted equity instruments	1,254,012	*	1,254,012	*
Financial Liabilities				
Finance lease payables	12,092	12,282	-	-

* 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 investment in ordinary shares of Gracious Holding Sdn. Bhd. which are not quoted on any market and do not have any comparable industry peer that is listed.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

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 (cont'd)

As at 31 December 2014 and 31 December 2013, the Group and the Company held the following financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position:

During the financial years ended 31 December 2014 and 31 December 2013, there was no transfer between fair value measurement hierarchy.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2014										
Financial assets										
Available-for-sale										
- equity instruments	-	-	1,254,012	1,254,012	-	-	-	-	1,254,012	1,254,012
Held for trading										
- short term fund	19,778,471	-	-	19,778,471	-	-	-	-	19,778,471	19,778,471
Financial liabilities										
Other financial liabilities										
- finance lease payable	-	-	-	-	-	85,812	-	85,812	85,812	86,584
- term loan	-	-	-	-	-	3,768	-	3,768	3,768	3,768
	-	-	-	-	-	89,580	-	89,580	89,580	90,352

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (cont'd)

44. FAIR VALUE HIERARCHY (cont'd)

As at 31 December 2014 and 31 December 2013, the Group and the Company held the following financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position: (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2013										
Financial assets										
Available-for-sale										
- equity instruments	-	-	1,254,012	1,254,012	-	-	-	-	1,254,012	1,254,012
Held for trading										
- 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

44. FAIR VALUE HIERARCHY (cont'd)

As at 31 December 2014 and 31 December 2013, the Group and the Company held the following financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position: (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
Company	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2014										
Financial assets										
Available-for-sale										
- equity instruments	-	-	1,254,012	1,254,012	-	-	-	-	1,254,012	1,254,012
Held for trading										
- short term fund	7,440,399	-	-	7,440,399	-	-	-	-	7,440,399	7,440,399
2013										
Financial assets										
Available-for-sale										
- equity instruments	-	-	1,254,012	1,254,012	-	-	-	-	1,254,012	1,254,012
Held for trading										
- short term fund	4,273,541	-	-	4,273,541	-	-	-	-	4,273,541	4,273,541

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (cont'd)

45. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year presentation:

	As reclassified RM	As previously reclassified RM
Statement of Comprehensive Income		
Revenue	111,849,866	111,979,690
Other income	2,906,022	2,776,198
Consolidated Statement of Changes in Equity		
Distributable retained earnings	31,204,384	31,174,384
Non-controlling interest	813,079	843,079

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 22 April 2014, a wholly-owned subsidiary of the Company, namely Infuso Sdn. Bhd. ("Infuso") had entered into a Preference Share Subscription Agreement with Golden Palm Tree Resort & Spa Sdn. Bhd. for the subscription of 3,500,000 redeemable non-cumulative preference shares of RM1.00 each for a total cash consideration of RM3,500,000. The terms of the agreement are disclosed in Note 15.

(b) On 30 September 2014, the Company subscribed for additional 818,182 newly issued ordinary shares of RM1 each in its associate, namely CNI Corporation Sdn. Bhd. ("CNI Corp"), representing 30% of the total enlarged issued and paid up share capital of CNI Corp for a total cash consideration of RM818,182. There was no change to the shareholdings percentage in the associate.

47. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 30 January 2015, a wholly-owned subsidiary of the Company, CNI Enterprise (M) Sdn. Bhd. ("CNIE") had acquired 42,000 ordinary shares of RM1.00 each in Agriscience Biotech (Malaysia) Sdn. Bhd. ("ABSB"), representing 70% of the total issued and paid-up share capital of ABSB for a total cash consideration of RM520.

At the same time, the Company had disposed 18,000 ordinary shares of RM1.00 each in ABSB, representing 30% of the total issued and paid-up share capital of ABSB for a total cash of RM225.

Consequently, ABSB became a subsidiary of CNIE, which in turn is a wholly-owned subsidiary of the Company.

(b) On 4 March 2015, one of the subsidiaries of the Company, ABSB has changed its name to CNI Petro Sdn. Bhd. with effect from 25 February 2015 as stipulated in the Certificate of Incorporation on Change of Name of Company issued by the Companies Commission of Malaysia.

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 2014 and 31 December 2013 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	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	56,460,603	61,960,073	27,172,328	30,845,899
- unrealised	3,965,258	4,453,652	3,903,152	3,932,876
Total share of accumulated losses from associates:				
- realised	(1,895,759)	(165,355)	-	-
Consolidation adjustments	(35,820,888)	(35,043,986)	-	-
Total retained earnings	22,709,214	31,204,384	31,075,480	34,778,775

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 2014 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 31.12.14 (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	18	28,811	1 Apr 1994 / -
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)	8	1,400	19 Jun 2008 / 20 Dec 2013

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 2014, 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 200,000 of its issued and fully paid ordinary shares of RM0.10 each ("CNI Shares") in the open market. The details of the CNI Shares bought back during the year are as follows:-

Monthly Breakdown 2014	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	0.110	0.110	0.110	0.111	11,079
August	100,000	0.115	0.115	0.115	0.116	11,584

* 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 2014, a total of 6,588,100 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 2014.

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

During the financial year ended 31 December 2014, 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 2014 amounted to not more than RM60,000 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 2014 and the unaudited financial results for the year ended 31 December 2014 announced by the Company on 26 February 2015.

8. Profit Guarantee

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

9. Material Contracts

Save as those described in Note 38 to the Financial Statements on pages 131 to 132 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 2014 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 19 June 2014, 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 2014 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 Tan Sia Swee	212,714	Provision of management services to CNIE
	Symplesoft Sdn Bhd ("Symplesoft")	Chew Boon Swee Law Yang Ket Cheong Chin Tai Gan Chooi Yang	350,530	Provision of IT and e-commerce related services by Symplesoft
CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd ("EM")	Dato' Koh Peng Chor Tan Sia Swee Chew Boon Swee Gan Chooi Yang	313,600	Provision of research, development and testing services to EM
CNI (China) Co., Ltd.	EM	Tan Sia Swee Chew Boon Swee Law Yang Ket Gan Chooi Yang	83,852	Purchase of beverages from EM

ADDITIONAL COMPLIANCE INFORMATION

Transacting Party	Company within CNI Group	Interested Related Parties	Amount Transacted during the financial year RM	Nature of transactions
Leader Regent Inc.	EM	Dato' Koh Peng Chor Wong Siew Fong Gan Chooi Yang	842,641	Contract manufacturing customer of EM
Fortune Venture Inc.	CNIE	Dato' Koh Peng Chor Gan Chooi Yang	722,254	Purchase of health care and consumer products from CNIE
	EM		3,243,422	Purchase of health care products and beverages from EM
	Q-Pack (M) Sdn Bhd		229,184	Purchase of household and personal care products from Q-Pack
	CNI Global (Malaysia) Sdn Bhd		118,895	Purchase of health care and consumer products from CNIG
Qingdao Mark Foods Co., Ltd	EM	Gan Chooi Yang	274,223	Purchase of beverages from EM
	EM		127,955	Supply of royal jelly powder and honey to EM

ANALYSIS OF SHAREHOLDINGS

AS AT 13 APRIL 2015

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM72,000,000.00 comprising 720,000,000 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
Size of shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100	260	2.82	5	0.05	8,810	(1)	190	(1)
100 - 1,000	3,407	37.00	267	2.90	1,827,393	0.26	160,140	0.02
1,001 – 10,000	3,508	38.09	103	1.12	10,765,474	1.51	259,960	0.04
10,001 – 100,000	1,306	14.18	9	0.10	50,080,523	7.02	317,200	0.04
100,001 – 35,668,094 (*)	333	3.62	10	0.11	262,037,929	36.73	24,378,158	3.42
35,668,095 and above (**)	1	0.01	-	-	363,526,123	50.96	-	-
Total	**8,815**	**95.72**	**394**	**4.28**	**688,246,252**	**96.48(2)**	**25,115,648**	**3.52(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 6,638,100 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 13 April 2015.

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)	52.21
Cheong Chin Tai	660,000	0.09	-	-
Koh How Loon	1,679,180	0.24	369,171,643 (2)	51.75
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 (3)	(4)
Zulkifli bin Mohamad Razali	-	-	-	-
Lim Lean Eng	1,083,360	0.15	62,520 (3)	0.01

Notes:

(1) Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 134(12)(c) of the Companies Act, 1965 on the interest held by his spouse and children.

(2) Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd.

(3) Disclosure made pursuant to Section 134(12)(c) of the Companies Act, 1965 on the interest held by his spouse or parent.

(4) Less than 0.01%

(5) Excluding a total of 6,638,100 CNI shares bought-back by CNI and retained as treasury shares as at 13 April 2015.

ANALYSIS OF SHAREHOLDINGS

AS AT 13 APRIL 2015

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Indirect Interests	
Name	No. of Shares Held	of Issued Shares [4]	No. of Shares Held	% of Issued Shares [4]
Marvellous Heights Sdn Bhd	363,526,123	50.96	-	-
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123 [1]	50.96
Dato' Koh Peng Chor	2,490,240	0.35	372,483,483 [2]	52.21
Datin Chuah Tek Lan	1,167,200	0.16	373,806,523 [2]	52.40
Koh How Loon	1,679,180	0.24	369,171,643 [3]	51.75

Notes:

(1) Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholdings in Marvellous Heights Sdn Bhd.

(2) Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his/her shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 134(12)(c) of the Companies Act, 1965 on the interests held by his/her spouse and children.

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

(4) Excluding a total of 6,638,100 CNI shares bought-back by CNI and retained as treasury shares as at 13 April 2015.

ANALYSIS OF SHAREHOLDINGS

AS AT 13 APRIL 2015

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	50.96
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.	Choo Khim Keong	9,680,380	1.36
8.	Ginawan Chondro	9,576,271	1.34
9.	Ch'ng Oon Tian	6,234,120	0.87
10.	Stephanus Abrian Natan	6,175,555	0.87
11.	Chan Sook Cheng	6,145,405	0.86
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Beh Hang Kong	5,958,912	0.84
13.	Ong Teck Seng	5,717,000	0.80
14.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd	5,260,920	0.74
15.	Heng Hoay Liang @ Heng Hoye Ee	5,250,000	0.74
16.	Chong Yee Min	5,209,600	0.73
17.	Choong Yiw	4,844,710	0.68
18.	Wong Siew Keow	4,790,500	0.67
19.	Law Yang Ket	4,691,898	0.66
20.	MAYBANK Nominees (Asing) Sdn Bhd DBS Bank for Triton Capital Group Ltd	3,557,000	0.50
21.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Hee Yuen Sang	3,362,400	0.47
22.	Suharman Subianto	3,102,532	0.43
23.	Addeen Trading Sdn Bhd	3,016,600	0.42
24.	Yow Siew Lian	3,000,000	0.42
25.	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.	Koh Tiah Siew	2,295,857	0.32
28.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh How Loon	1,672,280	0.23
29.	Choy Chin Teng @ Chua Chin Teng	1,487,600	0.21
30.	Kuek Chai Peng	1,455,080	0.20
	Total	547,995,862	76.82

Note:

(1) Excluding a total of 6,638,000 CNI shares bought-back by CNI and retained as treasury shares as at 13 April 2015.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Company will be held at Diamond Hall, First Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, 3 June 2015 at 11.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **Refer to 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) Cheong Chin Tai **Ordinary Resolution 1**

   ii) Zulkifli Bin Mohamad Razali **Ordinary Resolution 2**

   iii) Koh How Loon **Ordinary Resolution 3**

3. To re-appoint Messrs. Baker Tilly AC as Auditors of the Company for the ensuing year 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 subject to the passing of Ordinary Resolution 2, 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 TO ISSUE SHARES** **Ordinary Resolution 6**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution 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 and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING

6. **PROPOSED RENEWAL OF SHAREHOLDER MANDATE AND NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDER MANDATE")**

Ordinary Resolution 7

"THAT subject to the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Part A of the Circular to Shareholders dated 11 May 2015, provided that such transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders;

THAT such approval shall continue to be in force until the earlier of:

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

b) the expiration of the period within which the next Annual General Meeting 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) such approval is revoked or varied by resolution passed by the shareholders in a general meeting before the next Annual General Meeting;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholder Mandate."

7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

Ordinary Resolution 8

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount 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 as the Directors may deem fit and expedient in the interests of the Company provided that:

a) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

b) the maximum funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits and share premium account of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

NOTICE OF ANNUAL GENERAL MEETING

c) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

THAT the authority conferred by this Resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting;

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."

BY ORDER OF THE BOARD

CHIN YOKE KWAI (MAICSA 7032000)
Company Secretary

Shah Alam
11 May 2015

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 27 May 2015 ("General Meeting Record of Depositors") shall be eligible to attend the meeting.*

2. *A member 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. Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*

3. *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.*

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 seal or in some other manner approved by its Board of Directors.*

5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

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

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note A

This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Act does not require formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Ordinary Resolution 5 - Retention of Independent Non-Executive Director**

   The proposed resolution, if passed, will allow Encik Zulkifli Bin Mohamad Razali 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 22 of the Statement on Corporate Governance in the Annual Report 2014.

2. **Ordinary Resolution 6 – Authority to Issue Shares**

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting which was not utilised and accordingly no proceeds were raised.

   The proposed resolution, if passed, will provide flexibility to the Directors to undertake fund raising exercises, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisition, by the issuance of shares in the Company to such person at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will lapse at the conclusion of the next Annual General Meeting of the Company.

3. **Ordinary Resolution 7 – Proposed Shareholder Mandate**

   The proposed resolution, if passed, will allow the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to the Circular to Shareholders dated 11 May 2015 for further information.

4. **Ordinary Resolution 8 – Proposed Renewal of Share Buy-Back Authority**

   The proposed resolution, if passed, will allow the Company to purchase its own shares of up to 10% of the total issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the aggregate of the retained profits and share premium account of the Company.

   Based on the Audited Financial Statements of the Company as at 31 December 2014, the Company's retained profits amounted to RM31,075,480 and there was no share premium account.

   Please refer to the Share Buy-Back Statement dated 11 May 2015 for further information.

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 Twenty-Sixth Annual General Meeting of the Company.

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	Fax
PERLIS				
DC	Jejawi, Arau DC	95, Lot 342, Jln Jelawi Sematang, Tmn Muhibbah Fasa 2 Jejawi 02600 Arau.	04-9771288/019-4100355	04-9492554
SP	Padang Besar SP	518, Jln Sekolah Rendah Kebangsaan, 02100 Padang Besar.	04-9490554	
KEDAH				
RC	Alor Star RC	Lot 46, Ground Flr, Kompleks Perniagaan Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid 3, 05050 Alor Setar.	04-7720918	04-7720918
DC	Kulim DC	70, Tkt 1, Lrg Semarak 3, Tmn Semarak 09000 Kulim.	04-4951564	04-4951828
	Langkawi DC Cni	87, Persiaran Mutiara Pusat Dagangan Kelana Mas, 07000 Langkawi.	04-9672460	04-9672460
	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 Taman Desa Damai, Batu 5 Simpang Empat, 06650 Simpang Empat.	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	
	Kuah	39, Pekan Lama (Sebelah Mat Sirat Supermarket), Padang Mat Sirat, Kuah 07000 Langkawi.	019-5598337/019-4499507 esplangkawi@mycni.com.my	
	Jitra	3-B Jalan 1 PJ2, 06000 Jitra.	012-4109357 espjitra@mycni.com.my	
SP	Pendang SP	No 4, Bangunan Orkid, 06700 Pendang.	019-5119897/013-4239897	
P. PINANG				
RC	Perai RC	30, Jln Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth.	04-3986050	04-3984050
	Perak Road RC Cni	175, Perak Road, 10150 Penang.	04-2271092	04-2271092
eSP	Permatang Pauh	19, Lrg Cermai 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418/012-4286418 esppermatangpauh@mycni.com.my	04-3902471
	Bayan Lepas	119, Jln Tun Dr Awang, Sg Nibong Kecil, Bukit Jambul, 11900 Bayan Lepas.	04-6449637/019-5657126 espbukitjambul@mycni.com.my	04-6449637
PERAK				
DC	Tg Malim DC Cni	No 1, Jln U1, Tmn Universiti, 35900 Tg Malim.	05-4590029/4597469 (R)/012-5386669	05-4583462
	Ipoh DC Cni	14, Jln Ghazali Jawi, 31400 Ipoh (In front of stadium)	05-5460393/012-5069339	05-5476032
	Taiping DC	17, Jln Wayang Gambar, 34000 Taiping.	05-8070981/012-5072686	05-8070981
	Teluk Intan DC Cni	Lot 12650, 1st Flr, Jln Changkat Jong, 36000 Teluk Intan.	05-6217795	05-6217795
	Kampar DC	S-23 Tmn Kampar, 31900 Kampar.	05-4664502	05-4664502
	Sitiawan DC Cni	23, Tmn Sentosa, Jln Lumut, 32300 Sitiawan.	05-6911171	05-6911171
	Gunung Rapat, Ipoh DC	17, Medan Lagenda 1, Medan Lapangan Lagenda, Jalan Raja Dr Nazren Shah, 31350 Ipoh.	05-3111450/019-3262542/019-5208577	05-3111450
	Bercham DC	13, Persiaran Medan Bercham 4, Pst Bdr Baru Bercham, 31400 Ipoh.	05-5363691	05-5363597
	Tapah DC	No 54A, Jalan Besar, 35000 Tapah.	05-4018337/018-9468190/019-5788337	05-4018337
eSP	Ayer Tawar	No 1 Taman Ayer Tawar 2, Ayer Tawar 32400.	05-6721366/016-410 9629 espayertawar@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
PERAK				
eSP	Hutan Melintang	No 99 Lorong 6, Taman Wawasan, 36400 Hutan Melintang.	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 2 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.	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	
	Simpang	No 3, Batu 2½ Jalan Simpang, 34000 Taiping.	05-8110145/012-4599938 espsimpang@mycni.com.my	
	Pangkor	421 Sungai Pinang Kecil, 32300 Pangkor.	05-6851434/012-5384255 esppangkor@mycni.com.my	
SP	Lahat SP	3, Persiaran Pinjil Selatan 8, Desa Pelancongan, 31500 Lahat.	012-3783185	
SELANGOR				
RC	Puchong RC	No 6-3 (3rd Floor), Jalan Puteri 1/5, Bandar Puteri 47100, Puchong.	03-80664178	03-80527143
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 Cni	13, Jln PSK1, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan.	03-89435480/89435481/012-2915007/ 012-7276007	03-89435481
	Rawang DC	No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang.	03-60928461	03-60928525
	Ampang DC Cni	1-12, Jln Dagang B/3A, Tmn Dagang 68000 Ampang.	03-42701897	03-42706279
	Batu Caves DC Cni	573, Jln Samudera Utara 1 Tmn Samudera, 68100 Batu Caves.	03-61841897	03-61842897
	Bangi DC Cni	43A-1-1B Jln Medan PB2, Medan PB2 Pusat Bdr Bangi, Bdr Baru Bangi 43650.	03- 89202475	03-89202768
	Petaling Jaya DC	53A, Jln SS3/29 Tmn Universiti, 47300 Petaling Jaya.	03-78739897	03-78739897
eSP	Bayu Perdana	No D-G-3A, Jln Batu Unjur 9, Bayu Villa Apartment, Tmn Bayu Perdana, 41200 Klang	03-33237581/016-2089897/016-2159897 espbayuperdana@mycni.com.my	
	Balakong Cni	KA20-1-A, Jalan Setia Balakong 2/1, Taman Setia Balakong, 43300 Balakong.	019-2334303 espbalakong@mycni.com.my	
	Taman Dato' Harun	03-77841859/016-3133466 esptamandatoharun@mycni.com.my	03-77841859/016-3133466 esptamandatoharun@mycni.com.my	
	Banting	03-31872333/012-3027433 espbanting@mycni.com.my	03-31872333/012-3027433 espbanting@mycni.com.my	
	Dengkil	017-2462316 espdengkil@mycni.com.my	017-2462316 espdengkil@mycni.com.my	
	Labuhan Dagang	012-3676284/012-3598978 esplabuhandagang@ mycni.com.my	012-3676284/012-3598978 esplabuhandagang@mycni.com.my	
	Bdr Puncak Alam	012- 2726040/019- 4109891 esppuncakalam@mycni.com.my	012- 2726040/019- 4109891 esppuncakalam@mycni.com.my	
	Bdr Mahkota Cheras	016-2205007 espmahkota@mycni.com.my	016-2205007 espmahkota@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
SELANGOR				
eSP	Kapar	No 44, Jln Hamzah Alang 8, Taman Ria 4 42200 Kapar.	014-3638309/019-3036679 espkapar@mycni.com.my	
	Kajang	No 2, Jln 1, Pusat Hentian Kajang, Jln Reko, 43000 Kajang.	03-32690940/019-6466531 esptgkarang@mycni.com.my	
	Meru	No 38, Jln Meranti Putih 4, Tmn Meru Permai 2, 41050 Meru, Klang	012-2013490 espmeru@mycni.com.my	
	Bdr Country Homes	37A Jln Desa 1/1, 48000 Bdr Country Homes.	03-60870127/012-6773123 esprawang@mycni.com.my	
	Bkt Beruntung	M-G-09 (Apt Dahlia) Tmn Bunga Raya Bkt Beruntung 48300 Rawang.	010-4314457 espbktberuntung@mycni.com.my	
	Seksyen U5, Shah Alam	No 8-G-02 Pangsapuri Flora 2, Jalan Asteroid U5/30, Seksyen U5, 40150 Shah Alam.	012-6613590/019-3595886 shahalam2@mycni.com.my	
	Ulu Yam Bharu	No 5 Jln Arowana 3Tmn Desa Ulu Yam Bharu 44300 Batang Kali.	017-3480937/012-6160194 uluyambharu@mycni.com.my	
	Semenyih	92B, Jln ½ Seksyen 1, Bdr Teknologi Kajang, Off Jln Semenyih 43500 Semenyih	011-27010067 / 012-3379947 espbangi2@mycni.com.my	
SP	Teluk Panglima Garang SP	Lot 2323, Lrg Aman Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021/016-3552162	03-33931686
W. PERSEKUTUAN				
DC	Setapak DC	211 A, Jln Genting Klang, 53300 Setapak.	03-40245133	03-40239195
eSP	Cheras DC	54-A, Jln Serkut, Tmn Pertama, Cheras 56100.	03-92877190	03-92877190
	Bdr Baru Sentul	43-1-2, Jln 1/48A, Sentul Perdana, Bandar Baru Sentul 51000 KL.	013-3489070 espsentul2@mycni.com.my	
	OUG	57A Jalan Hujan Emas 8, Overseas Union Garden, 58200 Kuala Lumpur.	03-79715128/012-2818478 espoug@mycni.com.my	
N.SEMBILAN				
DC	Seremban DC Cni	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	Port Dickson	No 367 Jln Desa Rusa 4, Tmn Desa Rusa, Bt 4 Jln Pantai, 71050 Port Dickson.	016-6632765 espdesarusa@mycni.com.my	
MELAKA				
DC	Batu Berendam DC	11, Jln BBP 1 Tmn Berendam Putra 75350 Batu Berendam.	06-3369349	
SP	Pernu SP	590-1, Km 12 Kg Pemu, Pemu 75460.	06-2610012/012-6764096	
	Paya Rumput SP	No. 22, Jln IKS PR2 IKS Paya Rumput, 76450 Paya Rumput	06-3162001/013-6257842	
JOHOR				
DC	Tmn Sutera Utama DC	7 & 9, Jalan Sutera Tanjung 8/3, Taman Sutera Utama, 81300 Johor Bahru.	07-5542731	07-5544904
	Taman Sentosa DC Cni	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
	Kulai DC	14, Tkt 1, Jln Raya, Kulai Besar 81000 Kulai.	07-6633467	07-6636467

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	Fax
JOHOR				
eSP	Tmn Kota Masai	No 36A Jalan Tembikai 10, Tmn Kota Masai, 81700 Pasir Gudang.	07-2518634/013-8702636 espmasai2@mycni.com.my	
	Masai	19, Jln Bayan 31/1, Tmn Megah Ria, Masai, 81750 Johor Bahru.	017-7692638 espmasai@mycni.com.my	
	Yong Peng	No 3, Jln Api-Api Tmn Suria, 83700 Yong Peng.	07-4675089/019-7149165 espypeng@mycni.com.my	07-8832051
	Segamat	45, Jln Intan 2, Tmn Intan Bukit Siput, 85020 Segamat.	019-6556563 espsegamat@mycni.com.my	
	Bakri	No 81, Jalan Besar Bukit Bakri, 84200 Bakri, Muar.	019-6350919 espbakri2@mycni.com.my	
SP	Kota Tinggi SP	No 74 Jln SS 6/15, Tmn Sri Saujana, 81900 Kota Tinggi.	07-8832051/016-7572046/017-7319897 cnikotatinggi@gmail.com	
	Tangkak SP	23 Kampunng Baru Satu, 84900 Tangkak.	06-97820258/012-2317321	
	Skudai SP	42 Jln PE2/7n Tmn Pulai Mas, 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	09-7477433
	Machang DC	Lot 3117 Kweng Hitam, Jln Besar, 18500 Machang.	09-9758200	09-9758300
eSP	Pasir Mas	W2/458, Jln Hospital, 17000 Pasir Mas.	019-9184408/017-9096213 esppasirmas@mycni.com.my	
	Tanah Merah	No. PT 1997/E, Bdr Baru Bukit Bunga, 17500 Tanah Merah.	013-9339847/019-9579897 esptanahmerah@mycni.com.my	
	Kuala Krai	PT 1075 Jln Perisai Wira 8, Tmn Perisai Wira, 18000 Kuala Krai.	09-7941016 / 019-7548539 espchetok@mycni.com.my	
SP	Tumpat SP	No. 61, Jln Puteri Sa'dong, 16250 Wakaf Baru Tumpat.	019-9826533	
	Pasir Putih SP	Kg. Alor Hijau Selising, 16810 Pasir Putih.	09-7892988/019-9101825	
TERENGGANU				
DC	Kemaman DC	40-A, Jln Jakar, Chukai 24000 Kemaman.	09-8591028	09-8591028
	Dungun DC	PT 8574 Tkt Satu, Bgn AO, Jln Baru Pak Sabah, 23000 Dungun.	09-8423898	09-8423890
eSP	Kuala Terengganu DC Cni	219, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6220085	09-6310085
	Gong Badak	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308/013-9436988 espgongbadak@mycni.com.my	
SP	Kerteh SP	759-5, Kg Baru 24300 Kerteh Kemaman.	017-9702384/019-3375967	
PAHANG				
DC	Temerloh DC	407 Lorong 23, Tmn Sri Semantan 3A, 28000 Temerloh.	09-2774753/013-9864684	09-2774753
	Kuantan DC	B.58, Jln 1 M3/10 BIM Point, Bdr Indera Mahkota, Jln Kuantan, 25200 Kuantan.	09-5732626/2628/013-9349897	09-5732636
	Mentakab DC	No. 16, Jln Anggerik, 28400 Mentakab.	09-2771463/019-9551626	09-2771463
eSP	Bentong	No. 7, Gerai MDB, Atas Hentian Raya Bentong, 28700 Bentong.	010-9165244/014-3201344 espbentong@mycni.com.my	
	Jengka	No E-40, SP CNI, Jln Besar Matau, Depan Giat Mara, 26400 Bdr Jengka.	09-4661379/013-6020451 espjengka@mycni.com.my	
	Kuantan	B-1882 Lrg Sekilau 32, Tmn Pacific, 25200 Kuantan.	09-5133105/019-9839963 espkuantan@mycni.com.my	

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS

	Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & E-mail	Fax
PAHANG				
eSP	Lepar Hilir 1	No 2 Bangunan Koperasi, Felda Lepar Hilir 01, Gambang.	013-988 1791 espleparhilir01@mycni.com.my	
	Triang	6 Taman Cheng Siew. 28300 Triang.	016-9866568 esptriang@mycni.com.my	
	Desa Ria, Bentong	No 50 Tmn Desa Ria, 28700 Bentong.	012-9159476 espdesaria@mycni.com.my	
SP	Kuala Lipis SP	101A, Medan Niaga Bgn MARA, Jln Stesen, 27200 Kuala Lipis.	09-3122176/019-9661966	
SARAWAK				
RC	Petra Jaya RC	Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching.	082-428714	082 - 428714
DC	Sarawak Branch	Lot 9392, Section 64, Kuching Town Land District 3 1/2 Mile, Jln Pending, 93450 Kuching.	082-340619/340620/340621	082 - 347176 082 - 345280
	Sibu DC	No 1, 1st & 2nd Flr, Pusat Tanahwang, Jln Pedada, 96000 Sibu.	084-321284	084 - 321305
	Miri DC	Lot 586, 1st Floor, Pelita Commercial Centre, Miri-Pujut Road, 98000 Miri.	085-410117	085 - 410117
	Kuching DC	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jln Tun Ahmad Zaidi Adruce, 93150 Kuching.	082-424313/019-8182623	082 - 240192
	Bintulu DC	189, Park City Commerce Square, 97000 Bintulu.	086-310611/019-8151611	086 - 310611
	Sri Aman DC	No 6, Lot 1752, Jln Hospital, 95000 Bdr. Sri Aman.	083-325313/019-8195313	083 - 327313
	Jln Parry, Miri DC	6A, 1st Flr, Jln Parry, 98000 Miri.	085-437578/012-8041200 013-8312888 espsibu@mycni.com.my	085 - 437578
eSP	Sibu Jaya	Sublot 29,36, Lot 1192 Blk 1, Menyan Land District, Sibu Jaya 96000.	014-8799588 esplutong@mycni.com.my	
	Lutong	Lot 946 Jln Camar, Lutong Baru 98100 Miri.	014-8811112 espserian@mycni.com.my	
	Serian	No 1 Serian Bazaar, 94700 Serian.	084-332216/012-8572342	
SP	Sibu SP	54-C, Kg Hilir, 96000 Sibu.	084-871867/013-8063268	
	Mukah SP	83, Newtowship, 96400 Mukah.	085-215117/013-8337351	
	Limbang SP	Tingkat 1, Lot 1349, Jln Pandaruan, Kg Bangkita, 98700 Limbang.	019-8876390	085 - 215117
	Bau SP	1, Tkt 1, Market Serbaguna, Majlis Daerah Bau, 94000 Bau.	019-865 3693	
	Lawas SP	Grd Flr 14 Lot 256, Jln Masjid Baru, 98850 Lawas.	084-656397/019-8178229	
	Sarikei SP	No 5A, Jln Hj. Karim, 96100 Sarikei		
SABAH				
DC	Sabah Branch	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
	Kota Kinabalu DC	Lot 1.25,1st Floor,asia City Complex, Asia City, 88000 Kota Kinabalu	088-484968	088-487968 089-776867
	Tawau DC	TB999, Jalan Utara, 91000 Tawau.	089-768154/ 014-8617839	089-211723
	Sandakan DC	Lot 52 (Tkt 1), Bdr Prima Batu 4, Jalan Utara, 90000 Sandakan.	089-224868/013-4239897/ 019-9189897	
eSP	Bandar Sandakan	Jln Player, Blk 17, Tkt 1, APT.CI P.PJU, 90307 Bdr Sandakan.	016-8283799/ 0128106279 espsandakan@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
SABAH				
DC	Lahad Datu	MDLD 0813 Raya 3, Public Villa Jln Segama, 91110 Lahad Datu	089-882090/014-3580166 esplahaddatu@mycni.com.my	
SP	Tambunan SP	Peti Surat 14, Pekan Tambunan 89657.	019-8021699	089-882090
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	Kuala Belait	No 66 SPG 120-48-35-28, STKR Jati Mumong, Kuala Belait	00673-8199897	
SINGAPORE				
	Singapore Branch Creative Network International (S) Pte. Ltd.	5 Harper Road #07-01 Singapore 369673	02-6842 6888 e-mail: info@cni.com.sg	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

FORM OF PROXY

NO. OF SHARES HELD

I/We ________________________________ NRIC/Co. No. ________________
(Full name in block letters)

of ____
(Full address)

being a member of CNI HOLDINGS BERHAD, hereby appoint ________________________________

________________________________ NRIC No. ________________
(Full name in block letters)

of ____
(Full address)

*and/or failing him, ________________________________ NRIC No. ________________
(Full name in block letters)

of ____
(Full address)

or failing *him/both, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at Diamond Hall, First Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, 3 June 2015 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:

		FOR	AGAINST
Ordinary Resolution 1	Re-election of Cheong Chin Tai as Director		
Ordinary Resolution 2	Re-election of Zulkifli Bin Mohamad Razali as Director		
Ordinary Resolution 3	Re-election of Koh How Loon 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 to Issue Shares		
Ordinary Resolution 7	Proposed Shareholder Mandate		
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 ____________ 2015

____

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

* Delete whichever is/are not applicable

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**Percentage**
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 27 May 2015 ("General Meeting Record of Depositors") shall be eligible to attend the meeting.*
2. *A member 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. Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
3. *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.*
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 seal or in some other manner approved by its Board of Directors.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at the Company's registered office at Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

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

1st fold here

CNI 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