ALIGNING WITH THE EMERGING INDOCHINA MARKET

ANNUAL REPORT 2015

CNI HOLDINGS BERHAD
181758-A

ALIGNING WITH THE EMERGING INDOCHINA MARKET

The establishment of the ASEAN Economic Community (AEC) in 2015 is a major milestone in the regional economic integration agenda offering opportunities in the form of a huge market of US$2.6 trillion and over 622 million people. The lucrative "Consuming Class" in the ASEAN states has been identified to consist of some 67 million households.

Currently operating in Malaysia, Singapore, Brunei, Thailand, and Myanmar, the Group is riding on this exciting and timely economic development. We are now strategically expanding our business in Indochina, and are aligning our business to enhance our values in contributing to the goal of shared prosperity among our stakeholders.

A homegrown company that is proudly Malaysian, CNI is moving forward to being more proactive, having had in place the structure and framework to operate as an integrated business community, cultivating its brand identity and strength to engage with the world, responding to new developments, and seizing new opportunities.

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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 HACCP certifications, while much research and development (R&D) have been and are being carried out with various laboratories and research institutions to further improve existing CNI products.

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

Believing in its mission of being more than just a business, CNI with its Asian values blends the best of the East and the West to constantly deliver the highest 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
    - 99% CREATIVE NETWORK INTERNATIONAL (MYANMAR) CO., LTD.
  - 100% CREATIVE NETWORK INTERNATIONAL (S) PTE. LTD. 199203774N
  - 100% CNI PETRO SDN. BHD. 910614-V
  - 49% CREATIVE NETWORK INTERNATIONAL (THAILAND) CO., LTD. 0105554089738
- 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
- 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
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

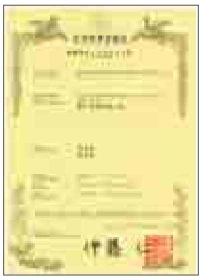
	2015	2014	2013	2012 (Restated)	2011 (Restated)
Performance (RM'000)					
Revenue	93,261	92,461	111,980	115,819	126,582
Profit Before Taxation	(3,356)	(6,841)	(208)	1,448	2,942
Attributable Profit	(6,163)	(6,612)	(651)	1,155	1,992
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	82,793	92,695	101,336	104,397	105,861
Total Assets	108,928	116,697	125,553	131,697	135,890
Borrowings	72	90	38	73	105
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	(0.86)	(0.93)	(0.09)	0.16	0.28
Net Dividend Per Share (sen)	0.30	0.30	0.30	0.30	0.30
Net Assets Per Share ("APS") (sen)	11.61	12.87	14.07	14.50	14.70
Gearing Ratio (%)	0.09	0.10	0.04	0.07	0.10

AWARDS & RECOGNITION

NEW PATENT FOR MENEP

The Metabolic Enzyme Nutrient Exchange Process (MENEP), the distinctive technology featured in the production of Well3 Life Enzyme and Well3 ISP-10, was recognised and obtained its fourth patent from China in December 2015.

Metabolic Enzyme
M·E·N·E·P
TECH
Nutrient Exchange Process



CORPORATE EVENTS

CNI DREAM TEAM

As part of CNI's advocacy of wellness, a series of intensive training sessions were initiated to educate distributors to establish a successful wellness career. This pool of distributors, known as CNI DREAM TEAM, was set up with a mission to expand CNI's wellness concept and career within their community through the Caring Community Project.

YAYASAN CNI COLLABORATES WITH FCPAAM

A memorandum of understanding was sealed between Yayasan CNI and the Federation of Chinese Physicians & Acupuncturists Association of Malaysia (FCPAAM) on 21 April 2015 in support of FCPAAM's effort to conduct 100 sessions of health consultation service nationwide.

ELECTROTHERAPY TRAINING COURSE TO HELP IMPROVE COMMUNITY HEALTH

A special Electrotherapy Training Course was conducted for interested distributors to gain new skill in their effort to promote wellness and help improve community health.

ANS BUSINESS SYSTEM

The new ANS Business System catered for the members of CNI Global platform to conduct international network marketing was introduced in October 2015 through a series of training sessions held in Malaysia and all its international branches.

CORPORATE EVENTS

200 WINNERS FOR LEGENDARY LANGKAWI 2015 INCENTIVE TRIP

The incentive trip to Langkawi from 20 to 22 November 2015 was participated by 200 qualified distributors.

BATIK SARONG CHARITY FUN RUN HELD IN VARSITY

The Charity run, in its third installment, was co-organised by Yayasan CNI and TAR University College for the first time and held in the varsity compound on 22 November 2015.

CNI GLOBAL PLATINUM CAMPAIGN TRIP

150 qualifiers from Thailand won the 3 days, 2 nights Sepang GoldCoast Trip held in December 2015.

INSTYLIF GRAND LAUNCH

CNI Global introduced a newcomer, InstyLif, to its R'Secreté beauty line with an elegant grand launch on 11 December 2015 at the Palace of the Golden Horses.

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 2015.

RECOGNITION

The Group's manufacturing segment, Top One Biotech Co., Ltd received its fourth and latest patent from China for MENEP, or Metabolic Enzyme Nutrient Exchange Process, a biotechnology breakthrough process that is administered in the production of CNI's leading nutritional products, Well3 Life Enzyme and Well3 ISP-10, to enhance their overall nutritional quality.

FINANCIAL PERFORMANCE

Despite a challenging operating environment, the Group registered a revenue increase by 1% to RM93.3 million compared to RM92.5 million in 2014. The increase was mainly derived from the expansion of the MLM business in Indochina while the local market continue to be affected by post-GST, lower purchasing power.

Concurrently, the Group sustained loss before tax of RM3.4 million in 2015, which is lower by 50% compared to RM6.8 million in 2014. This is primarily due to the gain on foreign exchange and an improvement on share of results among associates. On the contrary, the impairment loss of assets and trade receivables and inventories written off had caused the Group to sustain loss for the financial year ended 31 December 2015.

DIVIDEND

For the financial year 2015, the Board had declared a single-tier interim dividend of 0.3 sen per share representing a net dividend payout of RM2.1 million in line with the Board's stated commitment to maintain a consistent and regular dividend payment policy that promotes a stable stream of return to the shareholders.

OPERATIONAL REVIEW

Marketing & Trading

The marketing and trading segment stands as the major contributor of the Group. This segment had recorded revenue of RM81.4 million in 2015 as compared to RM78.3 million in 2014. The positive growth in revenue for the Group was stimulated mainly by the MLM business in Indochina.

The venture into Indochina, starting with Thailand, has witnessed a steady sales growth due to various marketing and promotional efforts organised to encourage sales as well as to acquire new members.

New product developments, especially wellness and anti-ageing, were introduced to capture new segments and retain existing members. Premium products such as R'Secrète InstyLif, Well3 Pure Acacia Honey and Well3 JS7 were launched in 2015 to target the rising middle-class consumerism and to stay competitive in the health and beauty care business.

CNI continues to position itself as a professional offerer of wellness, energy, and beauty care products for its consumers and distributors. Systematic education system and training such as AMS, ANS, Dream Team Team Building and other product related training sessions are provided to distributors to sharpen their business and selling skills.

However, the higher cost of import and marketing and promotion costs continued to have an adverse impact on operating margin of the marketing and trading segment.

CHAIRMAN'S STATEMENT

Manufacturing

The manufacturing segment had recorded revenue of RM37.4 million in 2015 compared to RM37.6 million in 2014.

In line with our commitment to quality assurance and as part of the Group's long-term business development plan and to meet increasing market demand, our production facility of Top One Biotech Co. Ltd, had successfully acquired a new patent for the MENEP technology from China. This is MENEP's fourth, after other patents received from Germany, Japan and Taiwan.

PROSPECTS

Malaysia's economy is expected to expand at a slower pace in 2016 and forecast for the country's gross domestic product (GDP) growth is 4.5% due to the easing of private consumption growth as Malaysian consumers adjust to higher living costs, the continuation of low oil prices, and the effect of low commodity prices on exports.

With the downward revision of the economic outlook as a result of failing oil price, and weaker ringgit against the US dollar, the Board expects 2016 to be a very challenging year. In particular, we are concerned by the adverse impact of the weakened ringgit on the cost of our products which we envisage will exert considerable pressure on our margin. Notwithstanding the foregoing, we will stay focused to better serve our consumers and to support our distributors to grow their business with various sales and marketing initiatives.

The Group remains optimistic on developing new markets and trading activities in Indochina to take advantage of opportunities in the Indochina markets going forward. The Group plans to venture into prospect market such as Myanmar, Cambodia and Laos to complete the Indochina story which has shown significant potential for future opportunities and favourable results in 2016 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 reduce wastage and to achieve cost optimization for greater efficiency. Further emphasis will be placed on expanding overseas consumer market and export sales, especially to China and Indochina.

Simultaneously, the Board will continue to be mindful of the operating cost and seek new opportunities to enhance operating efficiency and growth. Accordingly, the Group has further enhanced its financial management, through profitable trading, and risk management throughout the year.

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 2015.

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 2016.

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 64, was appointed to the Board of CNI on 11 December 1990. He also serves as the Chairman of the Remuneration Committee and Investment Committee and is a member of the Nomination Committee.

He received the Honorary Doctor of Philosophy in Multilevel Marketing by Summit University, USA in 1999. He has been a Fellow Member of the Institute of Marketing, Malaysia since 1997. As the main founder, he has been instrumental in the development and growth of the Company. He assumed his current position as the Chairman of CNI in February 2012.

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

CHEONG CHIN TAI
Executive Director

Cheong Chin Tai, a Malaysian, aged 54, 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 1994 to 2001. Mr. Cheong served as the Operations Director and CEO of CNI Enterprise (M) Sdn Bhd ("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 38, 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 56, 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 56, 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 56, 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 56, 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 47, 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 49. 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 and Ruzang Culture Sdn Bhd.

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

Details of the Directors' attendance at Board meetings are set out in the Statement on Corporate Governance on page 26.

STATEMENT OF CORPORATE RESPONSIBILITY & SUSTAINABILITY

The Group places emphasis to conduct business in a responsible and ethical way, from ensuring the Group's products and services promote sustainable economic and social development, to contributing sustainably to the communities and environment. For the Group, sustainability means managing its business responsibly for long-term success while creating enduring value for its distributors, employees, shareholders, community, and environment. The Group is committed to build a customer-focused, socially responsible company which generates sustainable returns to its shareholders and other stakeholders over the long term.

WORKPLACE

Training

The Group is highly dependent on its employees' knowledge and abilities to generate revenues and achieve its aims. The Group invests in regular internal and external training for its employees and seeks to maintain a competitive remuneration structure to both recruit and retain key staff.

Monthly Gathering

A monthly gathering is fixed for all employees to get together and receive updates from the Marketing team and the Management as the Group places considerable value on the involvement of its employees and continues to keep them informed on matters relevant to the Group's performance. The gathering also serves to strengthen the camaraderie among employees via shared activities such as birthday and festival celebrations.

Employee Activities

Regular sports sessions, tournaments, monthly recycling campaign and annual dinner are managed by the employees with the Management's support to encourage work-play balance. It has worked well for us to advocate wellness for a better life among employees.

Service Recognition

A special recognition in the form of certificates, trophy and monetary are awarded to long-serving employees for their service to the company during Staff Annual Dinner. In 2015, we recognised 3 employees for 5-years of service, 6 employees for 10-years of service, 3 employees for 15-years of service, 3 employees for 20-years service, and 1 employee for 25-years service.

New Staff Orientation Programme

All new recruits are required to attend this induction programme. Set as a full-day programme, new employees are briefed on the company's history, background, culture, and accepted practices to help them familiarise and blend in easily with the rest of the employees.

COMMUNITY

Yayasan CNI

Yayasan CNI is the Group's charity arm committed to uphold its corporate responsibility and obligations in reflecting the philosophy that CNI is more than just business. It serves the nation and world community through various undertakings to aid those in need regardless of colour or creed. Yayasan CNI also active contributes to cultural and arts development, education

STATEMENT OF CORPORATE RESPONSIBILITY & SUSTAINABILITY

and self-help initiatives, nature conservation activities, as well as health care and social awareness campaigns.

Special highlights for 2015 include:

- Plant A Tree, Plant A Hope – Batik Sarong Charity Fun Run 2015 was organised for the third consecutive year. The run was co-organised with TAR University College and supported by Ai FM radio station. The run was held for the first time in the TAR University College campus. It served as an environmental awareness drive and to advocate our youth as the successor in pursuing future green projects.

- A memorandum of understanding was sealed between Yayasan CNI and the Federation of Chinese Physicians & Acupuncturists Association of Malaysia (FCPAAM) to organise 100 session of health consultation service throughout Malaysia. This is in line with the drive to increase public awareness on health care advocated by CNI.

MARKETPLACE

Health & Safety

The Group's two manufacturing plants, Exclusive Mark (M) Sdn Bhd and Q-Pack (M) Sdn Bhd, are GMP standard factories that comply with strict international specifications to accommodate proper manufacturing operations, and the safety and quality standards of their products and processes.

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).

In addition, Exclusive Mark's laboratory is also accredited with the MS ISO/IEC 17025:2005 by Skim Akreditasi Makmal Malaysia (SAMM) for competence of testing and calibration laboratories.

Halal Policy

The CNI Halal policy is based on 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 our manufacturing plants.

CNI's 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.

An Internal Halal Committee is also established 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.

Training & Education

The Group aims to be a learning organisation and we encourage the development of knowledge and innovation among our distributors in order to enhance their business agility through systematic education system and training. In 2015, a series of training and workshops were held to meet this objective, namely:

- ANS – a new network marketing business system based on the experience of CNI top business leaders in conducting network marketing for the past 25 years.

- AMS – a motivational training to nurture distributors with the positive and correct mindset that will help them to tap on their unlimited potential to be in CNI career.

- DTTB – a training programme that is focused on team-building and preparing distributors with the right skills and attitude to be an effective leader in their network.

- Electrotherapy Training Course – open to all distributors who were interested to acquire the skills and technique of using the electrotherapy device complete with demo and lessons by guest instructor, Master Xie Fengjun from Dalianshen Health Care Hospital, China.

Distributor & Consumer Protection

CNI is an active member of DSAM for more than 20 years that signifies the Company's commitment to abide by the rules and ethics drawn by DSAM and certified by the World Federation of Direct Selling Association (WFDSA) that aim to protect distributors and customers.

The DSAM educational collaterals on the Code Of Ethics are made accessible to all distributors in CNI website, www.cni.my and consumers are offered a high level of protection on their purchase via the "cooling-off period" required by the Direct Selling Act.

ENVIRONMENT

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 addition, the Group is also committed to continually review, monitor and improve systems that support its maturing and complex business and will invest further in systems that will enhance value for our stakeholders.

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

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

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") supports the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 ("Code") and Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board recognises the importance of enhancing shareholder value through building a sustainable business by implementing and maintaining high standards of corporate governance in managing the business affairs of the Company.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary duty and leadership functions:

a) formulating the Group's annual business plans and strategic plans;

b) approving the Group's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets;

c) overseeing of the Group's business operations and financial performance;

d) reviewing the adequacy, integrity and effectiveness of the Group's internal control and management information system; and

e) ensuring that the Group adheres to high standards of ethics and corporate behavior.

The Board has established clear functions reserved for the Board and those delegated to the Management. Key matters reserved for the Board's approval include material acquisitions and disposition of assets, investments in capital project, authority levels, treasury policies, risk management policies and key human resource issues.

The Board 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. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the Board Committee and the tabling of minutes of the Board Committee meetings at Board meetings.

Board Charter

The Board has formalised and adopted the Board Charter which clearly delineates the roles and responsibilities of the Board and the Board Committees. The Charter also elaborates the fiduciary and leadership functions of Directors of the Company, and serves as a primary reference for prospective and existing Board members and Management.

Code of Ethics and Conduct

The Board has in place 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

Sustainability of Business

The Board is mindful of the importance of business sustainability and in developing the corporate strategy of the Group, its impact on the environmental, social and governance aspects is taken into consideration. The Company's activities on corporate responsibilities for the year under review are disclosed on pages 18 to 20 of this Annual Report.

Access to Information and Advice

The Directors have unlimited direct access to the advice and dedicated support services of the Company Secretary to ensure effective functioning of the Board. The Directors may seek advice from the Management on issues pertaining to their respective jurisdictions. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management.

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.

At the Board meetings, the 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. Minutes of every Board meeting are circulated to each Director for their perusal before confirmation at the following Board meeting.

The Board may seek independent professional advice at the Company's expense in discharging its various duties for the Company. Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to the prior approval by the Chairman or the Board, and depending on the quantum of the fees involved.

Qualified and Competent Company Secretary

The Company Secretary of CNI is qualified to act as company secretary under Section 139A of the Companies Act 1965 ("Act"). The Company Secretary plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements.

The Company Secretary ensures that deliberations at Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management.

The Company Secretary constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging her functions.

2. STRENGTHEN COMPOSITION

The Board consists of nine (9) members, comprising four (4) Executive Directors and five (5) Non-Executive Directors, three (3) of whom are Independent. This composition fulfils the Listing Requirements of Bursa Securities which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent. The profiles of each Director is set out on pages 15 to 17 of this Annual Report.

The Board believes that the current Board composition is appropriate for its purpose, and is satisfied that it adequately safeguards the interests of minority shareholders of the Company. The Board shall continue to monitor and review the Board size and composition from time to time.

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

Nomination Committee

The Company has a Nomination Committee, which comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors.

The Nomination Committee members and their attendance at the Nomination Committee meetings held during the financial year ended 31 December 2015 are as follows:

Members	**No. of Meetings Attended**
Zulkifli Bin Mohamad Razali *Chairman, Senior Independent Non-Executive Director*	4/4
Dato' Koh Peng Chor *Non-Executive Chairman*	4/4
Dr. Ch'ng Huck Khoon *Independent Non-Executive Director*	4/4
Lim Lean Eng *Independent Non-Executive Director*	4/4

The Nomination Committee was formed by the Board with specific terms of reference which cover assessing and recommending to the Board the candidates of Directors, appointment of Directors to Board Committees, re-election of directors, review of board's succession plans and training programmes for the board.

The Nomination Committee will 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.

The activities of the Nomination Committee during the financial year under review include the following:

a) reviewed the required mix of knowledge, skills, experience and core competencies, and appropriate size and composition of the Board;
b) assessed the effectiveness and performance of the Executive Directors;
c) assessed the independence and performance of Independent Directors;
d) reviewed and made recommendations to the Board on the re-election of Directors
e) reviewed and recommended for the Board's approval the appointment of new directors of the Company's subsidiaries; and
f) reviewed the recommended appropriate training programmes for the Directors

Annual Assessment

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

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

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

Remuneration Committee

The Company has a Remuneration Committee, which comprises mainly of Non-Executive Directors, the majority of whom are Independent Directors.

The Remuneration Committee members and their attendance at the Remuneration Committee meetings held during the financial year ended 31 December 2015 are as follows:

Members	**No. of Meetings Attended**
Dato' Koh Peng Chor *Chairman, Non-Executive Chairman*	2/2
Chew Boon Swee *Executive Director*	2/2
Zulkifli Bin Mohamad Razali *Senior Independent Non-Executive Director*	2/2
Dr. Ch'ng Huck Khoon *Independent Non-Executive Director*	2/2
Lim Lean Eng *Independent Non-Executive Director*	2/2

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 2015 (including remuneration drawn from subsidiaries) are as follows:

	Executive	**Non-Executive**
Fees	-	432,000
Salaries and other emoluments	2,163,703	43,500
Bonus	75,600	-
Retirement benefits	316,324	-
Benefits-in-kind	25,750	23,650
Total	**2,581,377**	**499,150**

Bonuses payable to Executive Directors are performance based and related to individual and Company achievement of specific goals. The Non-Executive Directors do not receive any performance related remuneration.

The number of Directors of the Company in each remuneration band is as follows:

	Executive	Non-Executive
RM50,001 to RM100,000	-	4
RM250,001 to RM300,000	-	1
RM400,001 to RM450,000	1	-
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	1	-
RM750,001 to RM800,000	1	-
Total	**4**	**5**

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 Listing Requirements of Bursa Securities.

3. REINFORCE INDEPENDENCE

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Listing Requirements of Bursa Securities. 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 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 more than 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, supported by the Senior Management, 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.

4. FOSTER COMMITMENT

The Board meets at least four (4) times a year, scheduled well in advance prior to the commencement of a new financial year to enable the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. During the financial year ended 31 December 2015, 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 of Bursa Securities. The Company Secretary attended all the Board meetings held in the year.

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

Directors	**No. of Meetings Attended**
Dato' Koh Peng Chor *Non-Executive Chairman*	4/4
Cheong Chin Tai *Executive Director*	4/4
Koh How Loon *Executive Director*	4/4
Tan Sia Swee *Executive Director*	4/4
Chew Boon Swee *Executive Director*	4/4
Law Yang Ket *Non-Executive Director*	4/4
Zulkifli Bin Mohamad Razali *Senior Independent Non-Executive Director*	4/4
Dr. Ch'ng Huck Khoon *Independent Non-Executive Director*	4/4
Lim Lean Eng *Independent Non-Executive Director*	4/4

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Paragraph 15.06 of Listing Requirements of Bursa Securities allows a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Directors' Training

The Board is aware of the importance of continuous training for Directors to enable them to discharge their duties effectively. 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. 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 of Bursa Securities.

Conference, seminars and training programmes attended by the Directors of the Company in 2015 included the following:

Title	Date
Unleash the Power of Social Media	11 April 2015
Ringgit Outlooks and 11 Malaysia Plan	27 August 2015
Leading Edge	27 August 2015
Reinventing Leadership in the Digital Age	7 October 2015
Developing an Outward Mindset	18 November 2015
Fearless Leadership	19–22 November 2015

The Company Secretary circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates at Board meetings. The external auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

5. UPHOLD INTEGRITY IN FINANCING 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 Securities and Securities Commission.

The Directors are required by the 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 2015, 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 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.

6. RECOGNISE AND MANAGE RISKS

Recognising the importance of risk management, the Board has in past years formalised a structured risk management framework to identify evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Board has overall maintaining sound internal control systems that cover financial controls, operational and compliance controls, governance and risk management to ensure that shareholders' investments, customers' interests and the Group's assets are safeguarded.

The Board has established an in-house internal audit function which reports directly to the Audit Committee. It serves as an integral part of the assurance framework and provides assurance on the adequacy and effectiveness of the risk, control and governance framework of the Company.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to the regulators, shareholders and stakeholders. The Board formalised pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

The Company dispatches notice of its AGM to shareholders at twenty four (24) clear days before the AGM, well in advance of the 21-day requirement under the Act and the Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative or by proxy.

At the AGM of the Company, the Executive Director of the Company presents an overview of the Group's operations and financial performance for the financial year and prospects for the current year. This review is supported by visual and graphical presentation of key points and key financial figures.

Shareholder are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the notice of the AGM is put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

The Board recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and public generally. The various channels of communications are through quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, where necessary, AGM and through the Company's investor relations ("IR") webpage on the Company's website at www.cniholdings.com.my where shareholders can access amongst others the corporate information, annual reports, press releases, financial information and company announcements.

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.

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 dated 30 March 2016.

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 Statement of Risk Management and Internal Control of the Group for the financial year ended 31 December 2015.

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 recognised 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.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management framework to pursue a disciplined, comprehensive and integrated approach to risk management. By adopting a proactive risk management culture and with the appropriate tools, the Group aims to manage business risks effectively and mitigate its risk exposures.

The Board has empowered the Risk Management Committee ("RMC") to review and ensure the Enterprise Risk Management framework is carried out within the Group. The RMC is chaired by the Executive Director of CNI Holdings Berhad and includes representatives from all the Group's subsidiaries. During the financial year, four meetings had been conducted to review the key business risks faced by the Group and ensure relevant controls are carried out by respective business units.

The roles and responsibilities of the RMC are:

1. To oversee the formal development and implementation of risk management policy encompassing strategic, operational, compliance and financial risks.

2. To raise the level of management awareness and accountability of the business risks faced by the Group.

3. To identify and manage key risks faced by the Group, especially on Strategic and Financial risks.

4. To implement and coordinate the risk management process within the Group and develop risk management as part of the culture of the Group.

5. 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 carried out to manage these business risks.

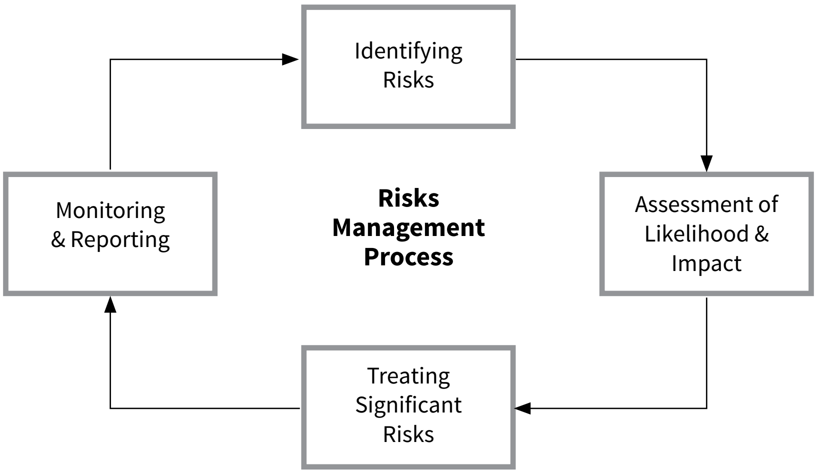
6. To cultivate risk management culture in major decision through risk management process.

7. To review the key business risks identified by respective business unit and follow up on management action plans.

8. To prioritise and accelerate those risk management strategies those are critical to the advancement of the Group's objectives.

9. To evaluate and assess the adequacy of strategies to manage the overall risks associated to CNI Group.

The Group has implemented an ongoing risk management process as illustrated below, to manage potential risk exposure which may affect the achievement of the Group's corporate and business objectives:



1. The RMC prioritises risk management strategies and coordinates with the risk owners of the respective business units / subsidiaries to identify the key business risks towards achieving the business objectives and strategies.

2. The assessment of risks within the Group is quantified through the use of a risk impact and likelihood matrix.

3. For each of the risks identified, the divisional head or manager is assigned to ensure appropriate action plans are carried out in a timely manner.

4. During the RMC meetings, management action plans and outcome updated in the risk registers would be discussed and reviewed by the RMC. The outcomes of the RMC meetings were reported to the Audit Committee and Board accordingly.

Note: Material associate, namely CNI Corporation Sdn. Bhd. has not been dealt with as part of the Group for the purpose of the Statement on Risk Management and Internal Control.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of processes established by the Board that provides effective risk management and internal control includes:

1. Annual result planning and budget of respective units are submitted to the Board for approval. Performance achievements are reviewed against the targeted results on monthly basis allowing timely responses and corrective actions to be taken to mitigate risks.

2. The Group's Executive Management Committee conducts monthly meetings with the heads of subsidiaries 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. Manufacturing segment of the Group are governed by the Standard Operating Procedures ("SOP") certified by ISO, Hazard Analysis & Critical Control Point ("HACCP") and Good Manufacturing Practice ("GMP") to ensure consistency of the product quality produced.

7. Employees are briefed on Code of Ethics during induction. They are required to sign and adhere to the Code of Ethics, which upholds the Group's corporate values and ethical code of conduct. Formal guidelines are also available to govern staff's termination and resignation.

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

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

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

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.

INTERNAL AUDIT FUNCTION

Pursuant to Paragraph 15.27 of Listing Requirement, the Board has established an internal audit function which reports directly to the Audit Committee. The Internal Audit function undertakes regular reviews of the Group's operations, risk management and the systems of internal control. Regular reviews are carried out on the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls. Significant risks and non-compliance impacting the Group are highlighted and where applicable, recommendations are provided to improve on the effectiveness of risk management, internal control system and governance processes.

CONCLUSION

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

The Board is of the opinion that system of internal control and risk management processes are adequate and effective 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.

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the Risk Management and Internal Control system of the Group.

This Statement was approved by the Board of Directors on 30 March 2016.

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee comprises three (3) members, all of whom are Non-Executive and Independent Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Mr. Lim Lean Eng is a fellow member of the Association of Chartered Certified Accountants (ACCA). In this regards, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Listing Requirements which requires at least one qualified accountant as a member of the Audit Committee.

The Audit Committee members and their attendance at the Audit Committee meetings held during the financial year ended 31 December 2015 are as follows:

Members	No. of Meetings Attended
Dr. Ch'ng Huck Khoon *Chairman, Independent Non-Executive Director*	6/6
Zulkifli Bin Mohamad Razali *Senior Independent Non-Executive Director*	6/6
Lim Lean Eng *Independent Non-Executive Director*	6/6

The representatives of the external auditors, Head of Internal Audit and Head of Finance and Accounts were in attendance at the meetings, upon invitation by the Audit Committee, to brief the members on specific issues. The Audit Committee had also met with the external auditors on two occasions without the presence of the Executive Directors to discuss the audit findings and any other concerns or observation they may have during the audit.

The minutes of meetings of the Audit Committee were circulated to all members of the Board and significant issues were discussed at the board meetings.

TERMS OF REFERENCE

The Audit Committee is governed by the terms of reference which was formally endorsed by the Board on 25 May 2005. The terms of reference was revised on 26 November 2009 and 27 February 2014 respectively, to comply with the Listing Requirements 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) have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
   ii) be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

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

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

The Board of Directors of the Company shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members being reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

All members of the Audit Committee shall be financially literate.

2. Chairman of Audit Committee

The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director.

3. Meetings

The Audit Committee will 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, 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 Audit Committee.

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

A resolution in writing signed or approved by letter by the members of the Audit Committee who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolutions shall be described as "Audit Committee Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolutions may consist of several documents in like form, each signed by one (1) or more members.

4. Authority

The Audit Committee is authorized by the Board to: -

a) investigate any matter within its terms of reference;

b) have the resources which are required to perform its duties;

c) have full and unrestricted access to any information pertaining to the Group or the Company;

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

e) obtain independent professional or other advice if it considers necessary; and

f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Group or the Company, whenever deemed necessary.

5. Duties and Responsibilities

The duties and responsibilities of the 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 Audit Committee and the Board.

SUMMARY OF ACTIVITIES

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

1. Reviewed the quarterly unaudited financial results of the Group and the Company for announcement to Bursa Securities before recommending them to the Board for approval;

2. Reviewed the audited financial statements of the Group and the Company with the external auditors prior to submission to the Board for their consideration and approval;

3. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control presented in the Annual Report by the Board;

4. Reviewed the external auditors' scope of work and audit plan prior to the commencement of the audit for the financial year 2015;

5. Reviewed with the external auditors the results of the audit of the Financial Statements and their report as well as the Management's responses;

6. Reviewed and approved the annual internal audit plan proposed by the internal auditors;

7. Reviewed and deliberated the internal audit reports prepared by the internal auditors which highlighted the audit observation, recommendations and Management's response. Discussion with Management the actions taken to improve the internal controls based on improvement opportunities identified in the internal audit reports;

8. Reviewed the adequacy and effectiveness of the internal audit process, resource requirements of the internal audit function for the year and assessed the performance, effectiveness and efficiency of its function;

9. Reviewed the related party transactions entered into by the Group to ensure compliance with the Listing Requirements of Bursa Securities;

10. Reviewed the effectiveness of the risk management framework and internal control system;

11. Reviewed the risk management updates from the Risk Management Committee meetings;

12. 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; and

13. Proposed to the Board for a more stringent management control over the Group's preparation, accountability and remedial actions of the annual budget.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The scope, responsibilities and authority of the internal audit activity are defined in the internal audit charter. The internal audit function of the Group is led by the Head of Internal Audit, who reports directly to the Audit Committee. The internal audit function undertakes regular and systematic review of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group.

Internal Audit department adopts a risk based audit plan in line with the organization's goal, complexity and risk of its activities. During the year, the Internal Audit department has performed various audit assignments in accordance to the approved Internal Audit Plan by the Audit Committee. Key control issues, significant risks and recommendations were discussed with management for their management action plans, where applicable. The audit reports were presented to the Audit Committee for deliberation and audit follow-ups were also performed to ensure Management had addressed and rectified the control weaknesses accordingly.

Total cost incurred in managing the Internal Audit department of the Group during the financial year was approximately RM209,000.

The activities undertaken by internal audit during the year include:

1. Reviewed the reliability and integrity of the financial, operating and other management information pertaining to the audit assignments and scopes carried out;

2. Assessed the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, and determining whether the Group were in compliance;

3. Reviewed the means of safeguarding assets and verified the existence of such assets;

4. Appraised the economy and efficiency of the Group's resources were employed and identifying opportunities for improving operating performance;

5. Coordinated on risk management process and reviewed risk management periodic reporting; and

6. Followed up on management action plans to ensure remedial actions were taken.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 (CA) to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysia Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), the requirements of the CA in Malaysia, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

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 15 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	(6,084,711)	(128,942)
Attributable to:		
Owners of the Company	(6,163,095)	(128,942)
Non-controlling interests	78,384	-
	(6,084,711)	(128,942)

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 2014, paid on 16 April 2015	(2,140,086)

The dividend is accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2015.

The directors declared a single tier interim dividend of RM0.003 per ordinary share, amounting to RM2,139,639 in respect of the current financial year and payable to the shareholders on 13 April 2016, whose names appear on the Record of Depositors as at 16 March 2016. 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 2016.

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

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts have been written off and that 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 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 be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

During the financial year, the Company repurchased 150,000 of its issued ordinary shares from the open market at an average price of RM0.077 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM11,601.

As at 31 December 2015, the Company held 6,738,100 treasury shares out of its 720,000,000 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,674,196. Further details are disclosed in Note 29 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' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

Interest in the Company

		Number of Ordinary Shares of RM0.10 each			
		At 1.1.2015	Bought	Sold	At 31.12.2015
Direct Interests:					
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
Lim Lean Eng		1,083,360	-	-	1,083,360
Indirect Interests:					
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	4,715,710	-	32,618,690
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 RM1.00 each			
		At 1.1.2015	Bought	Sold	At 31.12.2015
Direct Interests:					
Dato' Koh Peng Chor		71,660	-	-	71,660
Chew Boon Swee		7,902	-	-	7,902
Law Yang Ket		10,262	-	-	10,262
Indirect Interests:					
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.

DIRECTORS' INTERESTS (continued)

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.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company or its related corporations during the financial year.

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 8 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.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the 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 45 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 of Directors in accordance with a resolution of the directors:

CHEONG CHIN TAI
Director

TAN SIA SWEE
Director

Date: 30 March 2016

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2015

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	5	93,261,015	92,461,034	4,219,134	5,899,999
Direct operating costs	6	(35,276,106)	(39,017,539)	(8,266)	(14,064)
Gross profit		57,984,909	53,443,495	4,210,868	5,885,935
Other income		4,370,308	3,189,151	741,809	226,123
Administrative costs		(21,849,894)	(22,614,225)	(3,330,537)	(3,548,357)
Distribution costs		(41,612,033)	(38,356,824)	-	-
Other expenses		(1,515,291)	(744,260)	(46,238)	(4,207,062)
		(64,977,218)	(61,715,309)	(3,376,775)	(7,755,419)
(Loss)/Profit from operations		(2,622,001)	(5,082,663)	1,575,902	(1,643,361)
Finance costs		(7,156)	(28,287)	-	-
Share of results of associates		(727,155)	(1,730,404)	-	-
(Loss)/Profit before tax	7	(3,356,312)	(6,841,354)	1,575,902	(1,643,361)
Tax expense	9	(2,728,399)	(450,494)	(1,704,844)	(59,753)
Loss for the financial year		(6,084,711)	(7,291,848)	(128,942)	(1,703,114)
Other comprehensive (loss)/ income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(975,939)	(123,199)	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plan		223,365	257,682	121,487	140,355
Other comprehensive (loss)/ income for the financial year		(752,574)	134,483	121,487	140,355
Total comprehensive loss for the financial year		(6,837,285)	(7,157,365)	(7,455)	(1,562,759)

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Loss attributable to:					
Owners of the Company		(6,163,095)	(6,612,316)	(128,942)	(1,703,114)
Non-controlling interests		78,384	(679,532)	-	-
		(6,084,711)	(7,291,848)	(128,942)	(1,703,114)
Total comprehensive loss attributable to:					
Owners of the Company		(6,915,669)	(6,477,833)	(7,455)	(1,562,759)
Non-controlling interests		78,384	(679,532)	-	-
		(6,837,285)	(7,157,365)	(7,455)	(1,562,759)
Loss per share attributable to owners of the Company					
Basic and diluted (sen)	10	(0.86)	(0.93)		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2015

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	11	35,891,152	37,913,154	361,547	402,819
Capital work-in-progress	12	1	1	-	-
Intangible assets	13	1,989,800	2,745,232	12,405	14,056
Investment properties	14	1,400,000	1,400,000	1,400,000	1,400,000
Investment in subsidiaries	15	-	-	79,921,374	79,921,374
Investment in associates	16	2,910,617	3,089,672	4,866,282	4,336,182
Investment in preference shares	17	3,500,000	3,500,000	-	-
Goodwill	18	200,000	200,000	-	-
Other investments	19	1,254,012	1,254,012	1,254,012	1,254,012
Deferred tax assets	20	1,595,533	3,210,304	995,796	2,489,672
Total non-current assets		48,741,115	53,312,375	88,811,416	89,818,115
Current assets					
Inventories	21	14,357,292	14,621,068	-	300
Trade receivables	22	13,091,515	12,632,617	-	12,517
Other receivables, deposits and prepayments	23	5,414,745	5,072,069	45,373	74,930
Amounts owing by associates	24	-	153,701	-	153,701
Amounts owing by subsidiaries	25	-	-	6,605,032	6,217,496
Tax assets		1,318,448	1,235,304	128,197	430,920
Other investments	19	13,167,031	19,778,471	6,648,897	7,440,399
Cash and cash equivalents	26	12,837,607	9,891,199	1,297,665	1,665,909
		60,186,638	63,384,429	4,725,164	15,996,172
Non-current assets held for sale	27	-	-	-	-
Total current assets		60,186,638	63,384,429	14,725,164	15,996,172
TOTAL ASSETS		108,927,753	116,696,804	103,536,580	105,814,287

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2015

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	28	72,000,000	72,000,000	72,000,000	72,000,000
Treasury shares	29	(1,674,196)	(1,662,595)	(1,674,196)	(1,662,595)
Retained earnings		13,794,949	22,709,214	28,927,939	31,075,480
Other reserves	30	(1,327,935)	(351,996)	-	-
		82,792,818	92,694,623	99,253,743	101,412,885
Non-controlling interests		986,380	133,547	-	-
TOTAL EQUITY		83,779,198	92,828,170	99,253,743	101,412,885
Liabilities					
Non-current liabilities					
Finance lease liabilities	31	43,927	60,037	-	-
Deferred tax liabilities	20	1,763,997	1,317,026	-	-
Retirement benefits	32	6,823,258	6,730,299	4,040,848	3,975,487
Total non-current liabilities		8,631,182	8,107,362	4,040,848	3,975,487
Current liabilities					
Trade payables	33	3,391,539	4,839,245	-	-
Amounts owing to subsidiaries	25	-	-	3,139	165,266
Other payables, deposits and accruals	34	12,367,426	10,806,008	238,850	260,649
Provision for employee benefits	35	41,298	85,486	-	-
Finance lease liabilities	31	28,059	26,547	-	-
Term loan	36	-	3,768	-	-
Tax payables		689,051	218	-	-
Total current liabilities		16,517,373	15,761,272	241,989	425,915
TOTAL LIABILITIES		25,148,555	23,868,634	4,282,837	4,401,402
TOTAL EQUITY AND LIABILITIES		108,927,753	116,696,804	103,536,580	105,814,287

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2015

		◄ - - - Attributable to owners of the Company - - - ►						
		◄ - Non-distributable - ►			Distributable			
	Note	Share Capital	Exchange Reserve	Treasury Shares	Retained Earnings	Sub-total	Non-controlling Interests	Total Equity
Group		RM	RM	RM	RM	RM	RM	RM
At 31.12.2014		72,000,000	(351,996)	(1,662,595)	22,709,214	92,694,623	133,547	92,828,170
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	(6,163,095)	(6,163,095)	78,384	(6,084,711)
Other comprehensive (loss)/income for the financial year		-	(975,939)	-	223,365	(752,574)	-	(752,574)
Total comprehensive (loss)/income		-	(975,939)	-	(5,939,730)	(6,915,669)	78,384	(6,837,285)
Transactions with owners								
Share repurchased	29	-	-	(11,601)	-	(11,601)	-	(11,601)
Reclassification		-	-	-	(834,449)	(834,449)	834,449	-
Dividends paid on shares	37	-	-	-	(2,140,086)	(2,140,086)	(60,000)	(2,200,086)
Total transactions with owners		-	-	(11,601)	(2,974,535)	(2,986,136)	774,449	(2,211,687)
At 31.12.2015		72,000,000	(1,327,935)	(1,674,196)	13,794,949	82,792,818	986,380	83,779,198

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2015

Group	Note	Share Capital RM	Exchange Reserve RM	Treasury Shares RM	Retained Earnings RM	Sub-total RM	Non-controlling Interests RM	Total Equity RM
		← Attributable to owners of the Company				→		
		← Non-distributable	→		Distributable			
At 31.12.2013		72,000,000	(228,797)	(1,639,932)	31,204,384	101,335,655	813,079	102,148,734
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	(6,612,316)	(6,612,316)	(679,532)	(7,291,848)
Other comprehensive (loss)/income for the financial year		-	(123,199)	-	257,682	134,483	-	134,483
Total comprehensive loss		-	(123,199)	-	(6,354,634)	(6,477,833)	(679,532)	(7,157,365)
Transactions with owners								
Share repurchased	29	-	-	(22,663)	-	(22,663)	-	(22,663)
Dividends paid on shares	37	-	-	-	(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)	(1,662,595)	22,709,214	92,694,623	133,547	92,828,170

	Note	Non-distributable Share Capital	Treasury Shares	Distributable Retained Earnings	Total Equity
Company		**RM**	**RM**	**RM**	**RM**
At 31.12.2014		72,000,000	(1,662,595)	31,075,480	101,412,885
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(128,942)	(128,942)
Other comprehensive income for the financial year		-	-	121,487	121,487
Total comprehensive loss		-	-	(7,455)	(7,455)
Transactions with owners					
Share repurchased	29	-	(11,601)	-	(11,601)
Dividends paid on shares	37	-	-	(2,140,086)	(2,140,086)
Total transactions with owners		-	(11,601)	(2,140,086)	(2,151,687)
At 31.12.2015		72,000,000	(1,674,196)	28,927,939	99,253,743

	Note	Non-distributable Share Capital RM	Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 31.12.2013		72,000,000	(1,639,932)	34,778,775	105,138,843
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(1,703,114)	(1,703,114)
Other comprehensive income for the financial year		-	-	140,355	140,355
Total comprehensive loss		-	-	(1,562,759)	(1,562,759)
Transactions with owners					
Share repurchased	29	-	(22,663)	-	(22,663)
Dividends paid on shares	37	-	-	(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 accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax		(3,356,312)	(6,841,354)	1,575,902	(1,643,361)
Adjustments for:					
Amortisation of intangible assets		648,928	596,296	3,231	2,908
Bad debts written off		5,991	110,726	-	92,385
Depreciation of property, plant and equipment		2,511,974	3,175,004	47,779	59,897
Dividend income		-	-	(2,540,000)	(3,500,000)
(Gain)/Loss on disposal of:					
- associate		(1)	-	17,775	-
- investment properties		-	(157,000)	-	-
- non-current asset held for sale		-	(246,366)	-	-
- property, plant and equipments		1,782	179,731	-	152,072
Impairment loss on:					
- amounts owing by subsidiaries		-	-	-	3,899,806
- goodwill		2,707	724,891	-	-
- other receivable		-	1,940	-	245
- property, plant and equipments		410,884	-	-	-
- trade receivables		314,838	10,992	-	-
Income distribution from short term funds		(421,991)	(882,317)	(243,790)	(187,507)
Interest expense		7,156	3,111	-	-
Interest income		(191,054)	(227,633)	(188,403)	(22,174)
Intangible assets written off		51,295	17,300	-	-
Inventories written off		351,960	87,364	-	-
Inventories written down		57,780	26,745	-	-
Net (reversal)/addition for employee benefits expense		(44,188)	39,888	-	(1,173)
Property, plant and equipment written off		161,252	180,043	3,713	8,388
Retirement benefits expense		316,324	549,961	186,848	181,003
Reversal of impairment loss on:-					
- a subsidiary		-	-	(160,573)	-
- trade receivables		(3,667)	(216,420)	-	-
Share of results of associates		727,155	1,730,404	-	-
Unrealised gain on foreign exchange		(1,560,451)	(468,671)	(117,639)	(13,480)
Operating loss before working capital changes, carried down		(7,638)	(1,605,365)	(1,415,157)	(970,991)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Operating loss before working capital changes, brought down		(7,638)	(1,605,365)	(1,415,157)	(970,991)
Changes in working capital:					
Inventories		(145,964)	1,780,176	300	-
Receivables		(423,681)	2,440,159	42,074	209,543
Payables		768,903	571,287	(21,799)	(110,804)
Net cash flows generated from/(used in) operations		191,620	3,186,257	(1,394,582)	(872,252)
Dividends received		-	-	2,540,000	3,500,000
Interest paid		(7,156)	(3,111)	-	-
Interest received		191,054	227,633	188,403	22,174
Retirement benefits paid		-	(800,000)	-	-
Tax paid		(508,290)	(764,228)	(33,534)	(94,663)
Tax refund		475,127	54,244	125,289	-
Net cash flows from operating activities		342,355	1,900,795	1,425,576	2,555,259
Cash Flows from Investing Activities					
Acquisition of a subsidiary, net of cash acquired	15	9,639	-	-	-
Income distribution from short term funds		421,991	882,317	243,790	187,507
Investment in associates		(548,100)	(818,182)	(548,100)	(818,182)
Investment in preference share		-	(3,500,000)	-	-
Placement of time deposits		(2,513, 910)	-	-	-
Proceeds from disposal of associate		1	-	225	-
Proceeds from disposal of intangible assets		722,428	29,109	-	-
Proceeds from disposal of property, plant and equipment		60,492	117,355	-	43,266
Proceeds from disposal of non-current assets held for sale		-	1,621,616	-	-
Proceeds from disposal of investment properties		-	833,400	-	-
Purchase of intangible assets		(667,219)	(672,283)	(1,580)	(2,460)
Purchase of property, plant and equipment	11	(801,688)	(2,218,707)	(10,220)	(396,500)
Withdrawal/(Placement) of short-term fund		6,611,440	7,100,046	791,502	(3,166,858)
Repayments from associates		153,701	107,843	153,701	107,843
Net cash flows from/(used in) investing activities		3,448,775	3,482,514	629,318	(4,045,384)

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash Flows from Financing Activities					
(Advances to)/Repayments from subsidiary		-	-	(271,451)	4,851,886
Repayment of term loans		(3,768)	(22,288)	-	-
Purchase of treasury shares		(11,601)	(22,663)	(11,601)	(22,663)
Payment of finance lease liabilities		(14,598)	(13,138)	-	-
Dividends paid non-controlling interests		(60,000)	-	-	-
Dividends paid to ordinary shareholders		(2,140,086)	(2,140,536)	(2,140,086)	(2,140,536)
Net cash flows (used in)/from financing activities		(2,230,053)	(2,198,625)	(2,423,138)	2,688,687
Effect of exchange rate changes on cash and cash equivalents		(1,128,579)	(164,070)	-	-
Net increase/(decrease) in cash and cash equivalents		432,498	3,020,614	(368,244)	1,198,562
Cash and cash equivalents at the beginning of the financial year		9,891,199	6,870,585	1,665,909	467,347
Cash and cash equivalents at the end of the financial year	26	10,323,697	9,891,199	1,297,665	1,665,909

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

CNI Holdings Berhad ("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 ultimate holding company of the Company is Marvellous Heights Sdn. Bhd., a company incorporated in Malaysia.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of amendments/improvements to MFRSs (continued)

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. They also clarify 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) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require 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 amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate 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 amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify 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 is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of amendments/improvements to MFRSs (continued)

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).

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify 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 138 Intangible Assets

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify 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 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 140 Investment Property

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

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		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 2018
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/1 January 2016
MFRS 138	Intangible Assets	1 January 2016
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 MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- 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 statements 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 statements of financial position.

- 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.

- 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.

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:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) 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.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

MFRS 15 Revenue from Contracts with Customers (continued)

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

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

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice 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.

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 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 clarify 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.

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.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:
- when 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.

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, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:
- Exemption from presenting consolidated financial statements: the amendments clarify 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 clarify 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 allow 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. BASIS OF PREPARATION (continued)

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

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

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 that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.14.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(c) Associates (continued)

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 an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. 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.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.17(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue and other income

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of 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.

3.5 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Employee benefits (continued)

(c) Defined benefit 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 defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Group and the Company recognise the following costs in profit or loss:
- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. 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 allow the deferred tax assets to be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

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 less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Subsequent measurement (continued)

(i) Financial assets (continued)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which 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.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a).

(ii) Financial liabilities

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(b) 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.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, other than bearer plants, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

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 methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Capital work-in-progress

Capital work-in-progress consists of expenditure incurred on the construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the cost will be transferred to property, plant and equipment.

3.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Intangible assets

(a) Computer Software

Computer software that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses. Computer software is amortised at annual rate of 10% - 20% on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

(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.

(c) Research and development costs

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:
- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment any losses is in accordance with Note 3.17(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.14 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.15 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:
- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.
- consumables tools, merchandised goods, packaging materials and sales aid items, purchase costs on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

3.17 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

(a) Impairment and uncollectibility of financial assets (continued)

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through 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 through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset 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 shall not be reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Share capital

(a) Ordinary shares

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

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.19 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, 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 carrying amount and fair value less costs to sell.

3.22 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, 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.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 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 liability is also referred as a present obligation that arises from past events but is not recognised because:
(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Determining the functional currency

Some subsidiaries of the Group operate in overseas jurisdictions but conduct sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Group uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expense indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

(b) Classification between investment properties and property, plant and equipment

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group and the Company account for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

(c) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.9, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 11.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(d) Control over an investee

The directors considers that the Group has de facto 100% control of Creative Network International (Thailand) Co., Ltd. ("CNIT") even though it has less than 50% of the equity shares. Based on the terms under which this entity was established, the Group receives the full returns related to its operations and net assets and has the current ability to direct CNIT's activities. Consequently, it is regarded as a wholly-owned subsidiary of the Group.

(e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 42(b).

(f) Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 18.

(g) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 20.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(h) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale unquoted equity investments, the Group uses estimates of future cash flows of the unquoted equity investments and discounts the future cash flows using a current market rate of return of similar risk-class instrument. For quoted available-for-sale equity investments, the Group and the Company recognise an impairment loss when there has been a significant or prolonged decline in the market price of a quoted equity investment. The Group and the Company use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the share prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 42(a).

(i) Measurement of tax expense

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The tax expense of the Group and the Company are disclosed in Note 9.

(j) Defined benefit liabilities

The Group has unfunded defined benefit plans for eligible directors. The measurement of the present value of defined benefit obligations is based on a number of assumptions and factors that are determined on an actuarial basis. The assumptions used in the measurement of the defined benefit costs and the related liabilities or assets include projected directors salaries, inflation, interest cost and an appropriate discount rate using yields of high qualify corporate bonds. Any changes in these assumptions will have an impact on the carrying amount of the defined benefit obligations. The carrying amount of the Group's employee benefits and the details of these actuarial assumptions and the sensitivity of the changes in key assumptions are disclosed Note 32.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(k) Write-down of obsolete or slow moving inventories

The Group and the Company write down their 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 of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's and the Company's inventories are disclosed in Note 21.

(l) Useful lives of intangible assets

The Group and the Company estimate the useful lives to amortise intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amount of the other intangible assets are disclosed Note 13.

(m) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(n) 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.

5. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Sale of goods	92,298,097	91,434,436	-	-
Sale of food and beverages	842,918	906,598	-	-
Management fees	-	-	1,559,134	2,279,999
Rental income from investment properties	120,000	120,000	120,000	120,000
Dividend income	-	-	2,540,000	3,500,000
	93,261,015	92,461,034	4,219,134	5,899,999

6. DIRECT OPERATING COSTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cost of goods sold	33,871,076	37,715,426	-	-
Cost of food and beverages sold	1,396,764	1,288,049	-	-
Operating expenses of income generating investment properties	8,266	14,064	8,266	14,064
	35,276,106	39,017,539	8,266	14,064

7. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Amortisation of intangible assets	648,928	596,296	3,231	2,908
Auditors' remuneration:				
- auditors of the Company				
- statutory audits				
- current year	165,200	177,200	11,500	11,500
- over provision in prior year	(12,000)	-	-	-
- other services	12,000	12,000	12,000	12,000
- component auditors of the Group				
- statutory audits	59,696	25,469	-	-

7. **(LOSS)/PROFIT BEFORE TAX** (continued)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Bad debts written off	5,991	110,726	-	92,385
Depreciation of property, plant and equipment	2,511,974	3,175,004	47,779	59,897
Employee benefits expense (Note 8)	24,093,277	25,247,613	2,253,421	2,376,350
(Gain)/Loss on disposal of associate	(1)	-	17,775	-
Gain on disposal of investment properties	-	(157,000)	-	-
Gain on disposal of non-current asset held for sale	-	(246,366)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(900,241)	(18,603)	573	(2,962)
- unrealised	(1,560,451)	(468,671)	(117,639)	(13,480)
Impairment loss on:				
- amounts owing by subsidiaries	-	-	-	3,899,806
- goodwill	2,707	724,891	-	-
- property, plant and equipment	410,884	-	-	-
- trade receivables	314,838	10,992	-	-
- other receivable	-	1,940	-	245
Interest expense:				
- term loan	177	793	-	-
- finance lease payables	6,979	2,318	-	-
Income distribution from short term fund	(421,991)	(882,317)	(243,790)	(187,507)
Intangible assets written off	51,295	17,300	-	-
Interest income	(191,054)	(227,633)	(188,403)	(22,174)
Inventories written off	351,960	87,364	-	-
Inventories written down	57,780	26,745	-	-
Loss on disposal of property, plant and equipment	1,782	179,731	-	152,072
Property, plant and equipment written off	161,252	180,043	3,713	8,388

7. (LOSS)/PROFIT BEFORE TAX (continued)

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Rental income	(422,506)	(470,280)	-	-
Rental of premises	1,643,334	1,179,745	229,440	221,780
Rental of equipment	6,852	-	-	-
Net (reversal)/additional of provision for employee benefits (Note 35)	(44,188)	39,888	-	(1,173)
Retirement benefits expense (Note 32)	316,324	549,961	186,848	181,003
Reversal of impairment loss on:-				
- a subsidiary	-	-	(160,573)	-
- trade receivables	(3,667)	(216,420)	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries and wages	17,666,156	18,642,058	960,502	1,054,413
Defined contribution plans	1,957,566	1,833,100	94,689	127,507
Directors' remuneration (Note (i))	4,513,743	4,732,567	1,198,230	1,195,603
Net (reversal)/addition of provision for employee benefits (Note 35)	(44,188)	39,888	-	(1,173)
	24,093,277	25,247,613	2,253,421	2,376,350

8. EMPLOYEE BENEFITS EXPENSE (continued)

(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	
	2015	2014	2015	2014
	RM	RM	RM	RM
Executive Directors:				
- fees	123,931	-	-	-
- other emoluments	3,466,724	3,705,606	535,882	537,600
- bonus	131,264	-	-	-
- retirement benefits	316,324	549,961	186,848	181,003
Total executive directors' remuneration	4,038,243	4,255,567	722,730	718,603
Non-executive Directors:				
- fees	432,000	432,000	432,000	432,000
- other emoluments	43,500	45,000	43,500	45,000
Total non-executive directors' remuneration	475,500	477,000	475,500	477,000
Total directors' remuneration	4,513,743	4,732,567	1,198,230	1,195,603

The estimated monetary value of benefit-in-kind received by executive and non-executive directors otherwise than in cash from the Group and the Company amounted to RM50,750 (2014: RM46,426) and RM23,650 (2014: RM19,534) respectively.

9. TAX EXPENSE

The major components of tax expense for the financial years ended 31 December 2015 and 31 December 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current income tax:				
Current income tax charge				
- Malaysia	440,573	180,527	-	-
Real property gain tax	-	16,666	-	-
Under/(Over) provision in prior financial year	198,279	(45,293)	210,968	-
	638,852	151,900	210,968	-
Deferred tax (Note 20):				
Origination and reversal of temporary differences	1,877,037	12,013	1,673,211	108,573
Under/(Over) provision in prior financial year	212,510	286,581	(179,335)	(48,820)
	2,089,547	298,594	1,493,876	59,753
Tax expense	2,728,399	450,494	1,704,844	59,753

Domestic tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

9. TAX EXPENSE (continued)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before tax	(3,356,312)	(6,841,354)	1,575,902	(1,643,361)
Tax at the Malaysian statutory income tax rate of 25% (2014: 25%)	(839,078)	(1,710,339)	394,000	(410,800)
Tax effects arising from:				
- non-deductible expenses	1,668,082	2,981,058	60,705	1,445,773
- double deduction expenses	(93,964)	(147,900)	-	-
- income not subject to tax	(976,460)	(1,543,770)	(723,551)	(921,877)
Deferred tax recognised at different tax rates	10,215	121,507	1,599	(4,523)
Effect on real property gain tax	-	16,666	-	-
Deferred tax assets not recognised during the financial year	82,439	491,984	465,190	-
Deferred tax assets not recognised in previous financial year	2,466,376	-	1,246,394	-
Losses surrendered under group relief	-	-	228,874	-
Under/(Over) provision in prior financial years:				
- current tax	198,279	(45,293)	210,968	-
- deferred tax	212,510	286,581	(179,335)	(48,820)
Tax expense	2,728,399	450,494	1,704,844	59,753

The Group has unutilised tax losses and unabsorbed capital allowances of RM23,534,962 (2014: RM27,497,383) and RM2,429,334 (2014: RM1,490,900) respectively, available to be carried forward to set-off against future taxable profits.

The Company has unutilised tax losses and unabsorbed capital allowances of RM7,131,600 (2014: RM11,526,640) and RM52,625 (2014: Nil) respectively, available to be carried forward to set off against future taxable profits.

10. LOSS PER SHARE

(a) Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2015	**2014**
	RM	**RM**
Basic loss per share		
Loss attributable to owners of the Company	(6,163,095)	(6,612,316)
Weighted average number of ordinary shares for basic loss per share computation (adjusted for treasury shares)	713,335,872	713,494,365
Basic loss per share (sen)	(0.86)	(0.93)

(b) The diluted loss per ordinary share of the Group for the financial years ended 31 December 2015 and 31 December 2014 are same as the basic loss per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

11. 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 1.1.2015	4,621,097	34,470,129	23,460,812	4,149,852	18,663,248	85,365,138
Additions	-	-	253,750	-	547,938	801,688
Disposals	-	-	(78,294)	-	(82,895)	(161,189)
Written off	-	-	(24,210)	-	(479,750)	(503,960)
Translation adjustments	-	-	165,889	15,810	302,644	484,343
At 31.12.2015	4,621,097	34,470,129	23,777,947	4,165,662	18,951,185	85,986,020
Accumulated Depreciation						
At 1.1.2015	-	10,280,475	21,306,538	2,998,460	12,866,511	47,451,984
Charge for the financial year	-	691,066	620,474	212,953	987,481	2,511,974
Disposals	-	-	(50,829)	-	(48,086)	(98,915)
Written off	-	-	(24,085)	-	(318,623)	(342,708)
Translation adjustments	-	-	42,280	3,013	116,356	161,649
At 31.12.2015	-	10,971,541	21,894,378	3,214,426	13,603,639	49,683,984
Accumulated Impairment Loss						
At 1.1.2015	-	-	-	-	-	-
Impairment during the financial year	-	-	-	-	410,884	410,884
At 31.12.2015	-	-	-	-	410,884	410,884
Net Carrying Amount						
At 31.12.2015	4,621,097	23,498,588	1,883,569	951,236	4,936,662	35,891,152

11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Motor Vehicles RM	Office Equipment, Furniture & Fittings RM	Electrical Installation RM	Computer Hardware RM	Total RM
Cost					
At 1.1.2015	396,500	3,292	-	79,094	478,886
Additions	-	2,000	-	8,220	10,220
Written off	-	(1,099)	-	(9,654)	(10,753)
At 31.12.2015	396,500	4,193	-	77,660	478,353
Accumulated Depreciation					
At 1.1.2015	25,709	2,125	-	48,233	76,067
Charge for the financial year	39,650	249	-	7,880	47,779
Written off	-	(430)	-	(6,610)	(7,040)
At 31.12.2015	65,359	1,944	-	49,503	116,806
Net Carrying Amount					
At 31.12.2015	331,141	2,249	-	28,157	361,547
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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM801,688 (2014: RM2,306,337) and RM10,220 (2014: RM396,500), which are satisfied by the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Finance lease liabilities	-	87,630	-	-
Cash payments	801,688	2,218,707	10,220	396,500
	801,688	2,306,337	10,220	396,500

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

	Group	
	2015	**2014**
	RM	**RM**
Office equipment	11,992	15,492
Motor vehicles	93,981	106,148
	105,973	121,640

12. CAPITAL WORK-IN-PROGRESS

	Group	
	2015	**2014**
	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 36.

13. INTANGIBLE ASSETS

	Computer Software RM	Trademark RM	Total RM
Group			
Cost			
At 1.1.2015	6,623,633	25,779	6,649,412
Additions	667,219	-	667,219
Disposal	(867,815)	-	(867,815)
Written off	(111,431)	-	(111,431)
At 31.12.2015	6,311,606	25,779	6,337,385
Accumulated Amortisation			
At 1.1.2015	3,904,180	-	3,904,180
Charge for the financial year	648,928	-	648,928
Disposal	(145,387)	-	(145,387)
Written off	(60,136)	-	(60,136)
At 31.12.2015	4,347,585	-	4,347,585
Net carrying amount			
At 31.12.2015	1,964,021	25,779	1,989,800
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

13. INTANGIBLE ASSETS (continued)

	Computer Software RM
Company	
Cost	
At 1.1.2015	32,272
Additions	1,580
At 31.12.2015	33,852
Accumulated Amortisation	
At 1.1.2015	18,216
Charge for the financial year	3,231
At 31.12.2015	21,447
Net carrying amount	
At 31.12.2015	12,405
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

Trademark

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

14. INVESTMENT PROPERTIES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	1,400,000	2,076,400	1,400,000	1,400,000
Disposal	-	(676,400)	-	-
At 31 December	1,400,000	1,400,000	1,400,000	1,400,000

(a) Included in the above are:

	Group/Company	
	2015	2014
	RM	RM
Leasehold land and building:		
- unexpired lease period of more than 50 years	1,400,000	1,400,000
	1,400,000	1,400,000

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

	Group/Company			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2015				
Leasehold land and building	-	1,400,000	-	1,400,000
2014				
Leasehold land and building	-	1,400,000	-	1,400,000

14. INVESTMENT PROPERTIES (continued)

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

The valuation of investment properties as at 31 December 2015 and 31 December 2014 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 2015 and 31 December 2014.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	**2014**
	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

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2015	Effective Equity Interest 2014
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	100%	49%

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2015	Effective Equity Interest 2014
Subsidiaries of CNI Enterprise (M) Sdn. Bhd. (continued)				
CNI Petro Sdn. Bhd. (formerly known as Agriscience Biotech (Malaysia) Sdn. Bhd.) *	Malaysia	Dormant	100%	-
Subsidiaries of CNI Global (Malaysia) Sdn. Bhd.				
Creative Network International (Myanmar) Co., Ltd. @	Myanmar	Dormant	99%	-
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%

* In the process of striking off.
\# Audited by other independent member firm of Baker Tilly International.
@ Consolidated using management financial statements, auditors' report not available.
© The subsidiary has ceased operation during the financial year and become inactive.

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

(a) Acquisition of subsidiaries

(i) 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 CNI Petro Sdn Bhd ("CNIP"), representing the remaining 70% of the total issued and paid-up share capital of CNIP for a total cash consideration of RM520.

On 18 September 2015, CNIE acquired 30,000 ordinary shares of RM1.00 each in CNIP, representing the remaining 30% of the total issued and paid-up share capital of CNIP for a total cash consideration of RM1.00 ("Acquisition").

Upon the Acquisition, CNIP has become a wholly-owned subsidiary of CNIE.

The fair value of identifiable net assets and effect of the acquisition on cash flows is as follows:

Fair value of the identifiable assets acquired and liabilities recognised:-

	RM
Assets	
Cash and bank balances	10,159
Liabilities	
Other payables and accruals	(12,346)
Total identifiable net liabilities acquired	(2,187)
Fair value of consideration transferred	(520)
Goodwill arising on acquisition (Note 18)	(2,707)

Effects of acquisition on cash flows	RM
Fair value of consideration transferred	520
Less: Non-cash consideration	-
	520
Less: Cash and cash equivalents of the subsidiary acquired	(10,159)
Net cash inflow on acquisition	(9,639)

Effects of acquisition in statements of comprehensive income

From the date of acquisition, CNIP had contributed a net loss of RM1,780 to the Group's loss during the financial year.

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

(a) Acquisition of subsidiaries (continued)

(ii) On 21 December 2015, an indirect wholly-owned subsidiary of the Company, CNI Global (Malaysia) Sdn. Bhd. had acquired 248 ordinary shares of USD100 each, representing 99% of the issued and paid up capital of Creative Network International (Myanmar) Co., Ltd. for a total cash consideration of USD24,800 (equivalent to RM108,113).

The fair value of identifiable net assets and effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalent acquired	108,113
Consideration paid in cash	(108,113)
Net cash outflow on acquisition	-

15. INVESTMENT IN SUBSIDIARIES (continued)

(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
2015					
NCI percentage of ownership interest and voting interest	30%	-	40%	30%	
Carrying amount of NCI	495,175	-	72,525	418,680	986,380
Profit/(Loss) allocated to NCI	53,150	-	(1,780)	27,014	78,384
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
(Loss)/Profit allocated to NCI	20,773	(629,572)	2,294	(73,027)	(679,532)

15. INVESTMENT IN SUBSIDIARIES (continued)

(b) The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI are as follows:

	Lotus Supplies Sdn. Bhd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
2015				
Assets and liabilities				
Non-current assets	85,923	514,819	1,826,876	2,427,618
Current assets	1,666,928	267,192	477,540	2,411,660
Non-current liabilities	(7,600)	(63,141)	-	(70,741)
Current liabilities	(94,668)	(37,658)	(1,200,407)	(1,332,733)
Net assets	1,650,583	681,212	1,104,009	3,435,804
Results				
Revenue	3,800,315	375,335	1,591,982	5,767,632
Profit/(Loss) for the financial year	177,166	(4,449)	90,047	262,764
Total comprehensive income	177,166	(4,449)	90,047	262,764
Cash flows from operating activities	(173,958)	31,530	(26,658)	(169,086)
Cash flows from investing activities	-	-	(4,305)	(4,305)
Cash flows from financing activities	(213,347)	-	-	(213,347)
Dividends paid to NCI	(60,000)	-	-	(60,000)

15. INVESTMENT IN SUBSIDIARIES (continued)

(b) The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI are as follows: (continued)

	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	-	-	-	-	-

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January	4,985,431	4,167,249	4,336,182	3,518,000
Additions	548,100	818,182	548,100	818,182
Disposals	(667,249)	-	(18,000)	-
At 31 December	4,866,282	4,985,431	4,866,282	4,336,182
Share of post-acquisition reserves				
At 1 January	(1,895,759)	(165,355)	-	-
Additions	(727,155)	(1,730,404)	-	-
Disposals	667,249	-	-	-
At 31 December	(1,955,665)	(1,895,759)	-	-
	2,910,617	3,089,672	4,866,282	4,336,182

(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 2015	Effective Equity Interest 2014
CNI Petro Sdn. Bhd. (formerly known as Agriscience Biotech (Malaysia) Sdn. Bhd.)@	Malaysia	Dormant	-	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%

16. INVESTMENT IN ASSOCIATES (continued)

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

^ 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 auditors other than Baker Tilly AC. During the financial year, the investment in this associate was disposed to a third party for cash consideration of RM1.

@ During the financial year, restructuring took place within the Group where the investment in the associate was transferred from the Company to its wholly-owned subsidiary, CNI Enterprise (M) Sdn. Bhd. The transaction has no financial impact to the Group for the financial year ended 31 December 2015.

(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	**Total RM**
2015		
Assets and liabilities		
Current assets	15,744,323	15,744,323
Non-current assets	2,051,849	2,051,849
Current liabilities	(13,197,578)	(13,197,578)
Net assets	4,598,594	4,598,594
Results		
Revenue	14,875,991	14,875,991
Loss for the financial year representing total comprehensive income for the financial year	(1,468,202)	(1,468,202)

16. INVESTMENT IN ASSOCIATES (continued)

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

	CNI Corporation Sdn. Bhd. RM	Tunas Citarasa Sdn. Bhd. RM	Total RM
2014			
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 for the financial year representing total comprehensive income for the financial year	(4,752,808)	(621,556)	(5,374,364)

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

	CNI Corporation Sdn. Bhd. RM	Tunas Citarasa Sdn. Bhd. RM	Total RM
2015			
Group's share of net assets	1,379,578	-	1,379,578
Goodwill	1,531,039	-	1,531,039
Carrying amount in the statement of financial position	2,910,617	-	2,910,617
Share of results of the Group for the financial year ended 31 December 2015	(440,461)	(197,332)	(637,793)
Adjustment for losses undertaken in previous financial year	(89,362)	-	(89,362)
	(529,823)	(197,332)	(727,155)

16. INVESTMENT IN ASSOCIATES (continued)

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

	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	1,365,373	4,149	1,369,522
Carrying amount in the statement of financial position	2,901,328	188,344	2,786,520
Share of results of the Group for the financial year ended 31 December 2014	(1,425,842)	(304,562)	(1,730,404)

17. INVESTMENT IN PREFERENCE SHARES

	Group 2015 RM	2014 RM
Non-current		
Financial assets held to maturity:		
- Non-convertible redeemable preference shares	3,500,000	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.

18. GOODWILL

	Group	
	2015	**2014**
	RM	**RM**
Cost		
At 1 January	1,144,002	1,144,002
Addition	2,707	-
At 31 December	1,146,709	1,144,002
Accumulated impairment loss		
At 1 January	944,002	219,111
Charge for the financial year	2,707	724,891
At 31 December	946,709	944,002
Net carrying amount	200,000	200,000

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

	Group	
	2015	**2014**
	RM	**RM**
Software research and development	200,000	200,000

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.

18. GOODWILL (continued)

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
2015	
Key assumptions used in value-in-use calculations	
Growth rate	3%
Discount rate	18.6%
2014	
Key assumptions used in value-in-use calculations	
Growth rate	62%
Discount rate	11.5%

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

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

Sensitivity to change in assumptions

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

Impairment loss recognised

During the financial year, the Group recognised an impairment loss of RM2,707 in respect of the goodwill arising on consolidation. The goodwill relates to a subsidiary which is dormant.

The goodwill impaired in the previous financial year of RM724,891 was related to a subsidiary which was loss-making as a result of poor performance.

19. OTHER INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-current				
Available-for-sale financial assets:				
- equity instruments (unquoted), at cost	2,000,000	2,000,000	2,000,000	2,000,000
Less: Accumulated impairment loss	(745,988)	(745,988)	(745,988)	(745,988)
	1,254,012	1,254,012	1,254,012	1,254,012
Current				
Held for trading investment:				
- short term fund (quoted)	13,167,031	19,778,471	6,648,897	7,440,399
Total investments	14,421,043	21,032,483	7,902,909	8,694,411
Market value of quoted investments	13,167,031	19,778,471	6,648,897	7,440,399

* 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 the ordinary shares of a company, which is not quoted on any market and do not have any comparable industry peer that is listed.

20. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets/ (liabilities)				
At 1 January	1,893,278	2,191,174	2,489,672	2,549,425
Recognised in profit or loss (Note 9)	(2,089,547)	(298,594)	(1,493,876)	(59,753)
Exchange differences	27,805	698	-	-
At 31 December	(168,464)	1,893,278	995,796	2,489,672

20. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	1,595,533	3,210,304	1,045,274	2,507,802
Deferred tax liabilities	(1,763,997)	(1,317,026)	(49,478)	(18,130)
	(168,464)	1,893,278	995,796	2,489,672

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

	Group	
	2015	**2014**
	RM	**RM**
Deferred tax assets		
Deductible temporary difference in respect of expense	52,267	-
Provision for obsolete inventories	2,746	80,146
Provision for employee benefits	11,308	10,739
Retirement benefits	1,766,889	1,242,417
Unabsorbed capital allowances	287,855	117,130
Unutilised tax losses	323,477	1,302,398
Unrealised profits on inventories	428,881	457,474
	2,873,423	3,210,304
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(2,637,272)	(1,259,540)
Effect of real property gain tax	(7,100)	-
Unrealised gain on foreign exchange	(397,515)	(57,486)
	(3,041,887)	(1,317,026)

20. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

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

	Company	
	2015	2014
	RM	RM
Deferred tax assets		
Retirement benefits	1,032,644	987,802
Unabsorbed capital allowances	12,630	-
Unutilised tax losses	-	1,520,000
	1,045,274	2,507,802
Deferred tax liabilities		
Unrealised gain on foreign exchange	(28,221)	(3,236)
Differences between the carrying amounts of property, plant and equipment and their tax bases	(14,157)	(7,794)
Effect of real property gain tax	(7,100)	(7,100)
	(49,478)	(18,130)

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unabsorbed capital allowances	1,229,938	1,002,859	-	-
Unutilised tax losses	22,187,141	22,070,725	7,131,600	5,193,307
	23,417,079	23,073,584	7,131,600	5,193,307

21. INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At cost				
Raw materials	4,507,536	5,978,887	-	-
Work-in-progress	83,942	421,396	-	-
Consumable tools	388,475	210,407	-	-
Packaging materials	1,833,912	1,948,390	-	-
Merchandised goods	6,053,595	4,791,691	-	-
Finished goods	1,257,648	1,119,309	-	-
Sales aid items	40,183	43,030	-	-
	14,165,291	14,513,110	-	-
At net realisable value				
Raw materials	13,368	-	-	-
Consumable tools	38,811	300	-	300
Packaging material	67,280	75,810	-	-
Merchandised goods	72,542	-	-	-
Finished goods	-	31,848		
	14,357,292	14,621,068	-	300

During the financial year, inventories of the Group recognised as cost of sales amounted to RM22,684,585 (2014: RM25,761,328). In addition, the amounts recognised in the cost of sales include the following:

	Group	
	2015	2014
	RM	RM
Inventories written down	57,780	26,745
Inventories written off	351,960	87,364
	409,740	114,109

22. TRADE RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Third parties	7,919,213	9,277,629	-	63,731
Related parties	6,235,574	4,080,506	-	-
	14,154,787	13,358,135	-	63,731
Less: Accumulated impairment loss				
- Third parties	(819,452)	(619,288)	-	(51,214)
- Related parties	(243,820)	(106,230)	-	-
	(1,063,272)	(725,518)	-	(51,214)
Trade receivable, net	13,091,515	12,632,617	-	12,517

(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 (2014: 30 to 120 days) and within 30 days (2014: 30 days) respectively.

(b) Ageing analysis of trade receivables

The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Neither past due nor impaired	7,700,010	6,400,217	-	-
1 to 30 days past due not impaired	1,735,737	2,152,227	-	-
31 to 60 days past due not impaired	829,614	1,379,752	-	-
61 to 90 days past due not impaired	502,922	81,406	-	-
More than 91 days past due not impaired	2,323,232	2,619,015	-	12,517
	5,391,505	6,232,400	-	12,517
Impaired				
- Individually	1,063,272	725,518		51,214
	14,154,787	13,358,135	-	63,731

22. TRADE RECEIVABLES (continued)

(b) Ageing analysis of trade receivables (continued)

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
At 1 January	725,518	930,282	51,214	51,214
Charge for the financial year				
- Individual impairment loss	314,838	10,992	-	-
Written off	(51,214)	(10,269)	(51,214)	-
Reversal of impairment loss	(3,667)	(216,420)	-	-
Exchange difference	77,797	10,933	-	-
At 31 December	1,063,272	725,518	-	51,214

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

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

	Group	
	2015	**2014**
	RM	**RM**
Hong Kong Dollar	-	696
United States Dollar	5,819,568	4,033,739

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Advance to suppliers	1,255,209	881,103	-	-
Other receivables	2,318,315	2,422,880	13,514	28,082
Deposits	1,301,759	1,122,010	16,676	29,189
Prepayments	542,852	649,711	15,183	17,904
	5,418,135	5,075,704	45,373	75,175
Less: Accumulated impairment loss				
- Other receivables	(3,390)	(3,635)	-	(245)
	5,414,745	5,072,069	45,373	74,930

Included in the other receivables of the Group are amounts owing by related companies amounting to RM788,354 (2014: RM1,288,578). These amounts are non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

24. AMOUNTS OWING BY ASSOCIATES

In the previous financial year, these amounts were non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

25. AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2015	2014
	RM	RM
Amounts owing by subsidiaries	12,892,313	12,665,350
Less: Accumulated impairment loss	(6,287,281)	(6,447,854)
	6,605,032	6,217,496
Amounts owing to subsidiaries	3,139	165,266

These amounts are non-trade in nature, unsecured, interest-free (except for amounts owing by subsidiaries of RM4,752,694 with interest bearing of 3.75%) and repayable upon demand in cash and cash equivalents.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	8,005,166	9,891,199	1,297,665	1,665,909
Cash deposits placed with licensed bank (Note (a))	2,318,531	-	-	-
Time deposit (Note (b))	2,513,910	-	-	-
Cash and cash equivalents as reported in the statements of financial position	12,837,607	9,891,199	1,297,665	1,665,909
Less: Time deposits (Note (b))	(2,513,910)	-	-	-
Cash and cash equivalents as reported in the statements of cash flows	10,323,697	9,891,199	1,297,665	1,665,909

(a) The cash deposits placed with licensed banks were placement with period less than 3 months and bore effective interest at rates ranging from 2.35% to 3.60% per annum and mature within 3 months.

(b) The time deposits were deposits placed with licensed bank for periods more than 3 months and bore effective interest rates ranging from 3.70% to 4.14% per annum and mature within one year.

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

	Group	
	2015	2014
	RM	RM
Brunei Dollar	199,224	398,169
Chinese Renminbi	27,201	2,141
Euro	14,102	12,779
Hong Kong Dollar	3,075	338
Indian Rupee	373	651
Indonesian Rupiah	-	338
Singapore Dollar	8,661	7,016
United States Dollar	2,033,619	722,732
Vietnamese Dong	-	109
Taiwan Dollar	55,147	74,427
Thai Baht	1,431	-

27. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	-	1,375,250	-	-
Disposal	-	(1,375,250)	-	-
At 31 December	-	-	-	-

In the previous 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 in the previous financial year.

28. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2015	2014	2015	2014
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 declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and 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 3 June 2015, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

During the financial year, the Company repurchased 150,000 (2014: 200,000) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.077 (31.12.2014: RM0.113) per ordinary share.

As at 31 December 2015, the Company held 6,738,100 (2014: 6,588,100) treasury shares out of its 720,000,000 issued and paid-up ordinary shares, held at a carrying amount of RM1,674,196 (2014: RM1,662,595).

29. TREASURY SHARES (continued)

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

Month	No. of shares repurchased	Price per share Highest	Price per share Lowest	Price per share Average	Total Consideration
	UNIT	RM	RM	RM	RM
2015					
March 2015	50,000	0.090	0.090	0.090	4,547
August 2015	100,000	0.070	0.070	0.070	7,054
	150,000				11,601
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

There was no resale, cancellation or distribution of treasury shares during the financial years ended 31 December 2015 and 31 December 2014.

30. OTHER RESERVES

Exchange Reserve

The translation reserve comprises all foreign currency 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.

31. FINANCE LEASE LIABILITIES

	Group	
	2015	2014
	RM	RM
Gross instalment payments	78,385	95,982
Less: Future finance charges	(6,399)	(9,398)
Total present value of finance lease liabilities	71,986	86,584
Payable within one year		
Gross instalment payments	32,281	29,674
Less: Future finance charges	(4,222)	(3,127)
Present value of finance lease liabilities	28,059	26,547
Payable more than 1 year but not more than 2 years		
Gross instalment payments	46,104	27,874
Less: Future finance charges	(2,177)	(2,523)
Present value of finance lease liabilities	43,927	25,351
Payable more than 2 years but not more than 5 years		
Gross instalment payments	-	38,434
Less: Future finance charges	-	(3,748)
Present value of finance lease liabilities	-	34,686
Total present value of finance lease liabilities	71,986	86,584

The finance lease liabilities of the Group bear interest at rates ranging from 5.12% to 14.80% (2014: 5.12% to 14.80%) per annum.

32. RETIREMENT BENEFITS

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
At 1 January	6,730,299	7,238,020	3,975,487	3,934,839
Current service costs and interest (Note 7)	316,324	549,961	186,848	181,003
Remeasurement gain of the net defined benefit liability				
- financial assumption	-	(36,696)	-	(20,229)
- experience	(223,365)	(220,986)	(121,487)	(120,126)
Benefits paid	-	(800,000)	-	-
At 31 December	6,823,258	6,730,299	4,040,848	3,975,487

(a) The significant actuarial assumptions applied in the measurement of defined benefit pension plan is as follows:

	Group/Company	
	2015	**2014**
	RM	**RM**
Discount rate	4.70%	4.70%
Inflation rate	3.00%	3.00%
Salary increase rate	3.00%	3.00%

32. RETIREMENT BENEFITS (continued)

(b) Sensitivity analysis

The sensitivity of the defined benefit obligation to the significant actuarial assumptions at the end of reporting period are shown below:

	Reasonably possible change in assumption	Effect on defined benefit obligation Increase	Decrease
2015		**RM**	**RM**
Group			
Discount rate	1.0%	314,065	(297,249)
Inflation rate	1.0%	324,870	(313,780)
Salary increase	1.0%	324,870	(313,780)
Company			
Discount rate	1.0%	170,732	(162,286)
Inflation rate	1.0%	159,226	(154,656)
Salary increase	1.0%	159,226	(154,656)
2014			
Group			
Discount rate	1.0%	377,867	(354,268)
Inflation rate	1.0%	393,685	(376,672)
Salary increase	1.0%	393,685	(376,672)
Company			
Discount rate	1.0%	207,899	(195,737)
Inflation rate	1.0%	196,769	(189,274)
Salary increase	1.0%	196,769	(189,274)

33. TRADE PAYABLES

The normal trade credit term granted by the trade creditors to the Group ranging from 30 to 90 days (2014: 30 to 90 days).

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

	Group	
	2015	2014
	RM	RM
Singapore Dollar	-	10,927
Thai Baht	11,215	-
United States Dollar	939,060	108,498

34. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Advances from customers	1,796,355	2,374,945	-	-
Other payables	1,740,568	1,777,493	85,241	85,032
Deposits	1,807,835	1,188,839	35,000	89,079
Accruals	7,022,668	5,464,731	118,609	86,538
	12,367,426	10,806,008	238,850	260,649

Included in other payables of the Group are amounts owing to related parties amounting to RM117,582 (2014: RM972,761). These amounts are non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

35. PROVISION FOR EMPLOYEE BENEFITS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	85,486	45,598	-	1,173
Additions	47,117	103,116	-	-
Reversal	(91,305)	(63,228)	-	(1,173)
Net (reversal)/addition of employee benefits (Note 7)	(44,188)	39,888	-	(1,173)
At 31 December	41,298	85,486	-	-

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.

36. TERM LOAN

	Group	
	2015	2014
	RM	RM
Secured		
Due within 1 year	-	3,768

In the previous financial year, the term loan of a subsidiary had not been fully drawn down and term loan interest was being charged at a rate of 7.10% per annum.

The term loan was secured as follows:
(i) deed of assignment and private caveat on the capital work-in-progress being financed for the term loan (Note 12); and
(ii) Joint and several guarantees by certain directors of the subsidiary.

37. DIVIDENDS

	Group/Company	
	2015	2014
	RM	RM
Recognised during the financial year		
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
Single tier interim dividend of RM0.003 per share on 713,361,900 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2014	2,140,086	-

The directors declared a single tier interim dividend of RM0.003 per ordinary share, amounting to RM2,193,639 in respect of the current financial year and payable to the shareholders on 13 April 2016, whose names appear on the Record of Depositors as at 16 March 2016. 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 2016.

38. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2015	2014
	RM	RM
In respect of capital expenditure approved and contracted for:		
- Purchase of property, plant and equipment	23,320	189,825
- Acquisition of other intangible assets	46,131	252,240
	69,451	442,065
In respect of capital expenditure approved and not contracted for:		
- Purchase of property, plant and equipment	1,743,920	881,620

39. RELATED PARTIES TRANSACTIONS

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Company's holding company;
(ii) Subsidiaries;
(iii) Associates;
(iv) Entities in which directors have substantial financial interests; and
(v) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2015	**2014**
	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:		
- Management fee	333,332	212,714
- Rental charge	91,200	91,200
- Rental income	(134,400)	(213,240)
- Research and development expenditure	364,229	387,150
- Sales	(698,498)	(1,110,911)
- Sale of properties	-	(833,400)
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	229,555	195,071
- Sales	(4,531,251)	(5,160,255)
Transaction with a corporate shareholder of a subsidiary is as follows:		
- Royalty income	375,335	349,055

39. RELATED PARTIES TRANSACTIONS (continued)

(b) Significant related party transactions (continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows: (continued)

	Group	
	2015	**2014**
	RM	**RM**
Transactions with directors are as follows:		
- Consultancy services	99,000	144,500
Transaction with a director of subsidiary is follow:		
- Consultancy services	180,084	158,668

	Company	
	2015	**2014**
	RM	**RM**
Transactions with subsidiaries are as follows:		
- Dividend income (gross) received and receivable	(2,540,000)	(3,500,000)
- Disposal of property, plant and equipment	-	266
- Information communication technologies shared charges paid and payable	51,725	42,468
- Management fee income received and receivable	(1,559,134)	(2,279,999)
- Purchase of property, plant and equipment	-	5,381
- Purchase of products and food	45,023	40,285
- Rental of premises paid and payable	229,440	221,780
Transactions with associate is as follows:		
- Interest income received and receivable	(170,859)	(3,685)
Transactions with directors are as follows:		
- Consultancy services	99,000	144,500
Transactions with a director of a subsidiary is as follow:		
- Consultancy services	180,084	158,668

39. RELATED PARTIES TRANSACTIONS (continued)

(c) Compensation of key management personnel

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short term employees benefits	3,822,834	3,868,139	953,962	977,221
Post-employment benefits	690,909	930,388	244,268	238,603
	4,513,743	4,798,527	1,198,230	1,215,824

40. 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	
	2015	2014
	RM	RM
Not later than one year	1,371,525	934,997
Later than one year but not later than five years	482,132	540,058
	1,853,657	1,475,055

41. SEGMENT INFORMATION

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

Manufacturing	Manufacturing, trading and packaging of consumer, health, personal care products, food and beverages.
Marketing and trading	Sales and distribution of health care and consumer products, import and distribution of food ingredients, provision of software solution and software research and development, marketing and distributing coffee and other related beverage products.
Others	Investment in shares, investment, renting out of properties, operation of food and beverages outlets and dormant companies.

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

41. SEGMENT INFORMATION (continued)

	Note	Manufacturing	Marketing & Trading	Others	Adjustments & Eliminations	Consolidated
		RM	RM	RM	RM	RM
2015						
Revenue						
External revenue		14,445,785	77,852,312	962,918	-	93,261,015
Inter-segment revenue	a	22,912,484	3,523,961	4,642,593	(31,079,038)	-
Total revenue		37,358,269	81,376,273	5,605,511	(31,079,038)	93,261,015
Results						
Income distribution from short term funds		39,978	138,273	243,740	-	4 21,991
Interest income		62,911	551,401	190,759	(614,017)	191,054
Dividend income		-	-	2,540,000	(2,540,000)	-
Depreciation and amortisation		(1,075,006)	(2,012,611)	(175,524)	102,239	(3,160,902)
Share of results of associates		-	-	(727,155)	-	(727,155)
Other non-cash (expenses)/income	b	57,988	(720,802)	(127,756)	724,064	(66,506)
Segment profit/(loss)	c	2 ,981,759	(3,915,107)	947,239	(3,370,203)	(3,356,312)
Segment Assets						
Investment in associates		-	-	4,866,282	(1,955,665)	2,910,617
Additions to non-current assets	d	305,856	1,089,565	73,486	-	1,468,907
Segment assets	e	38,950,766	82,928,368	108,362,282	(121,313,663)	108,927,753
Segment liabilities	f	11,086,787	42,469,326	14,964,730	(43,372,288)	25,148,555

41. SEGMENT INFORMATION (continued)

	Note	Manufacturing RM	Marketing & Trading RM	Others RM	Adjustments & Eliminations RM	Consolidated RM
2014						
Revenue						
External revenue		17,419,962	74,014,474	1,026,598	-	92,461,034
Inter-segment revenue	a	20,142,487	4,286,367	6,329,437	(30,758,291)	-
Total revenue		37,562,449	78,300,841	7,356,035	(30,758,291)	92,461,034
Results						
Income distribution from short term funds		43,304	651,506	187,507	-	882,317
Interest income		28,385	59,637	164,785	(25,174)	227,633
Dividend income		-	-	3,500,000	(3,500,000)	-
Depreciation and amortisation		(1,538,028)	(1,950,131)	(195,332)	(87,809)	(3,771,300)
Share of results of associates		-	-	(1,730,404)	-	(1,730,404)
Other non-cash (expenses)/income	b	4,359	(888,759)	(545,506)	(27,839)	(1,457,745)
Segment loss	c	(103,309)	(2,927,477)	(1,654,827)	(2,155,741)	(6,841,354)
Segment Assets						
Investment in associates		-	-	4,985,431	(1,895,759)	3,089,672
Additions to non-current assets	d	381,448	2,180,879	417,518	(1,225)	2,978,620
Segment assets	e	37,670,432	83,392,567	111,664,701	(116,030,896)	116,696,804
Segment liabilities	f	12,382,673	34,417,090	15,017,541	(37,948,670)	23,868,634

41. SEGMENT INFORMATION (continued)

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

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

	2015 RM	2014 RM
Bad debts written off	5,991	110,726
(Gain)/Loss on disposal of:		
- associate	(1)	-
- investment properties	-	(157,000)
- non-current asset held for sales	-	(246,366)
- property, plant and equipment	1,782	179,731
Impairment loss on:-		
- goodwill	2,707	724,891
- trade receivables	314,838	10,992
- other receivable	-	1,940
- property, plant and equipment	410,884	-
Intangible assets written off	51,295	17,300
Inventories written off	351,960	87,364
Inventories written down	57,780	26,745
Net (reversal)/addition of provision for employee benefits	(44,188)	39,888
Property, plant and equipment written off	161,252	180,043
Retirement benefits expense	316,324	549,961
Reversal of impairment loss on trade receivables	(3,667)	(216,420)
Unrealised gain on foreign exchange	(1,560,451)	(468,671)
	66,506	841,124

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

	2015 RM	2014 RM
Share of results of associates	(727,155)	(1,730,404)
Profit from inter-segment sales	(3,973,257)	(6,350,510)
Finance costs	381,304	-
Unallocated corporate expenses	5,002,584	9,330,099
Other income	(4,053,679)	(3,404,926)
	(3,370,203)	(2,155,741)

41. SEGMENT INFORMATION (continued)

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

	2015 RM	2014 RM
Property, plant and equipment	801,688	2,306,337
Other intangible assets	667,219	672,283
	1,468,907	2,978,620

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

	2015 RM	2014 RM
Deferred tax assets	430,010	457,474
Inter-segment assets	(121,743,673)	(116,488,370)
	(121,313,663)	(116,030,896)

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

	2015 RM	2014 RM
Inter-segment liabilities	(43,372,288)	(37,948,670)

41. SEGMENT INFORMATION (continued)

(g) Geographical Information

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

	2015 RM	2014 RM
Australia	19,412	69,273
Brunei	4,309,224	4,930,921
Holland	-	66,104
Canada	231,268	91,879
China	1,566,015	4,823,246
Hong Kong	1,206,148	931,116
India	-	8,045
Indonesia	2,503,271	1,396,708
Malaysia	67,106,828	73,310,869
Philippines	17,184	5,750
United States of America	1,299,995	1,293,242
Singapore	3,490,528	2,384,530
Sri Lanka	-	693,727
Thailand	8,959,838	2,455,624
Myanmar	2,497,808	-
Others	53,496	-
	93,261,015	92,461,034

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
2015					
Property, plant and equipment	33,605,035	166,542	1,629,126	490,449	35,891,152
Capital work-in-progress	1	-	-	-	1
Investment properties	1,400,000	-	-	-	1,400,000
Investment in associates	2,910,617	-	-	-	2,910,617
Goodwill	200,000	-	-	-	200,000
Intangible assets	1,961,776	-	28,024	-	1,989,800
Total non-current assets (excluding financial instruments and deferred tax assets)	40,077,429	166,542	1,657,150	490,449	42,391,570

41. SEGMENT INFORMATION (continued)

(g) Geographical Information (continued)

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

	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

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial Assets				
Loans and receivables				
- Receivables, net of prepayments	17,963,408	17,054,975	30,190	69,543
- Amount owing by associates	-	153,701	-	153,701
- Amount owing by subsidiaries	-	-	6,605,032	6,217,496
- Cash and cash equivalents	12,837,607	9,891,199	1,297,665	1,665,909
	30,801,015	27,099,875	7,932,887	8,106,649

42. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Available-for-sale				
- Equity instrument	1,254,012	1,254,012	1,254,012	1,254,012
Held for trading				
- Short term fund	13,167,031	19,778,471	6,648,897	7,440,399
Financial Liabilities				
Other financial liabilities				
- Amount owing to subsidiaries	-	-	3,139	165,266
- Payables	15,758,965	15,645,253	238,850	260,649
- Term loan	-	3,768	-	-
- Finance lease liabilities	71,986	86,584	-	-
	15,830,951	15,735,605	241,989	425,915

(b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 December 2015 and 31 December 2014.

42. FINANCIAL INSTRUMENTS (continued)

b) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2015										
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	13,167,031	-	-	13,167,031	-	-	-	-	13,167,031	13,167,031
Financial liabilities										
Other financial liabilities										
- finance lease payable	-	-	-	-	-	-	61,040	61,040	61,040	71,986

42. FINANCIAL INSTRUMENTS (continued)

b) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (continued)

	Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**					
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2014										
Financial assets										
- equity instruments	-	-	-	-	-	-	1,254,012	1,254,012	1,254,012	1,254,012
Held for trading										
- short term fund	19,778,471	-	-	1 9,778,471	-	-	-	-	1 9,778,471	1 9,778,471
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

42. FINANCIAL INSTRUMENTS (continued)

b) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Company	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2015										
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	6,648,897	-	-	6,648,897	-	-	-	-	6,648,897	6,648,897
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

42. FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurement (continued)

Level 2 fair value

Fair value of financial instruments carried at fair value
The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows based on observable market based yield curves.

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Fair value of financial instruments not carried at fair value
The fair value of liability component of convertible bonds is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities that do not have a conversion option.

Level 3 fair value

Fair value of financial instruments not carried at fair value
The fair value of private debt securities, amount owing by immediate holding company, amount owing by subsidiaries, amount owing by related companies, finance lease receivables, bank borrowings, government loan, medium-term notes, redeemable preference shares, finance lease liabilities, amount owing to ultimate holding company, amount owing to subsidiaries and amount owing to related companies are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Financial Controller. 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.

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 22. 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 22.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 22.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity Risk

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

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

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
2015					
Financial liabilities:					
Payables	15,758,965	15,758,965	15,758,965	-	-
Finance lease liabilities	71,986	78,385	32,281	46,104	-
	15,830,951	15,837,350	15,791,246	46,104	-
2014					
Financial liabilities:					
Trade payables	15,645,253	15,645,253	15,645,253	-	-
Finance lease liabilities	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

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity Risk (continued)

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
2015					
Financial liability:					
Amount owing to subsidiaries	3,139	3,139	3,139	-	-
Other payables	238,850	238,850	238,850	-	-
	241,989	241,989	241,989	-	-
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	-	-

(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.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 RM2,043,711 (2014: RM2,602,660).

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

Sensitivity analysis for foreign currency risk

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

	Change in rate	Effect on profit for the financial year RM
31 December 2015		
- SGD	+ 7%	450
	- 7%	(450)
-USD	+ 7%	362,990
	- 7%	(362,990)
-THB	+ 7%	(510)
	- 7%	510
31 December 2014		
- SGD	+ 7%	(210)
	- 7%	210
-USD	+ 7%	244,020
	- 7%	(244,020)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

44. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital 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 2015 and 31 December 2014.

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:

	2015 RM	2014 RM
Total debt	71,986	90,352
Total equity	83,779,198	92,828,170
Debt to equity	0.09%	0.10%

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

45. SIGNIFICANT EVENTS DURING 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 CNI Petro Sdn Bhd ("CNIP"), representing the remaining 70% of the total issued and paid-up share capital of CNIP for a total cash consideration of RM520.

On 18 September 2015, CNIE acquired 30,000 ordinary shares of RM1.00 each in CNIP, representing the remaining 30% of the total issued and paid-up share capital of CNIP for a total cash consideration of RM1.00 ("Acquisition").

Upon the Acquisition, CNIP has become a wholly-owned subsidiary of CNIE.

(b) On 4 March 2015, one of the subsidiaries of the Company, Agriscience Biotecth (Malaysia) Sdn. Bhd. ("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.

(c) On 13 October 2015, the Company subscribed for additional 548,100 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 RM548,100. There was no change to the shareholdings percentage in the associate.

(d) On 23 October 2015, a wholly-owned subsidiary of the Company, namely Infuso Sdn. Bhd. ("Infuso") had disposed of 649,250 ordinary shares of RM1 each, representing 49% equity interest in Tunas Citarasa Sdn. Bhd. ("TCSB") for a total cash consideration of RM1 only.

(e) On 21 December 2015, an indirect wholly-owned subsidiary of the Company, CNI Global (Malaysia) Sdn. Bhd. had acquired 248 ordinary shares of USD100 each, representing 99% of the issued and paid up capital of Creative Network International (Myanmar) Co., Ltd. for a total cash consideration of USD24,800.

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

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 December 2015 and 31 December 2014 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and 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.

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	50,506,947	56,460,603	26,414,554	27,172,328
- unrealised	2,791,987	3,965,258	2,513,385	3,903,152
Total share of accumulated losses from associates:				
- realised	(2,622,914)	(1,895,759)	-	-
Consolidation adjustments	(36,881,071)	(35,820,888)	-	-
Total retained earnings	13,794,949	22,709,214	28,927,939	31,075,480

STATEMENT BY DIRECTORS

CNI HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, **CHEONG CHIN TAI** and **TAN SIA SWEE**, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 43 to 148 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 149 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 of Directors in accordance with a resolution of directors:

CHEONG CHIN TAI
Director

TAN SIA SWEE
Director

Kuala Lumpur
Date: 30 March 2016

STATUTORY DECLARATION

CNI HOLDINGS BERHAD
(Incorporated in Malaysia)

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

I, **TAN LENG KEE**, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 43 to 148 and the supplementary information set out on page 149 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.

TAN LENG KEE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 30 March 2016.

Before me,

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 2015 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 43 to 148.

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.

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

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 2015 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.

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) Other then the subsidiary without the auditors' report as indicated in Note 15 to the financial statements, we have considered the financial statements of all the subsidiaries and the auditors' report of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 15 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) Other than the subsidiary without auditors' report as indicated in Note 15 to the financial statements, the auditors' reports on the financial statements of the remaining 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 149 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.

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

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

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

Kuala Lumpur
30 March 2016

LIST OF PROPERTIES

The properties held by the Group and the Company as at 31 December 2015 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 31.12.15 (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	19	28,120	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)	9	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

There were no proceeds raised from corporate proposals during the financial year.

2. Share Buy-Back

During the financial year, the Company bought back a total of 150,000 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 2015	No. of CNI Shares Bought Back	Price per CNI Share (RM)			Average Cost per CNI Share* (RM)	Total Cost* (RM)
		Highest	Lowest	Average		
March	50,000	0.090	0.090	0.090	0.091	4,547
August	100,000	0.070	0.070	0.070	0.071	7,054

* 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 2015, a total of 6,738,100 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 2015.

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

The Company did not sponsor any ADR or GDR Programme during the financial year.

5. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. Non-audit Fees

The amount of non-audit fees incurred for the services rendered to the Company or its subsidiaries for the financial year ended 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 2015 and the unaudited financial results for the year ended 31 December 2015 announced by the Company on 24 February 2016.

8. Profit Guarantee

There was no profit guarantee for the financial year.

9. Material Contracts

Save as those described in Note 39 to the Audited Financial Statements on pages 129 to 131 of this Annual Report, there were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2015 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' interests.

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

At the Annual General Meeting held on 3 June 2015, the Company obtained a mandate from its shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The details of the recurrent related party transactions conducted during the financial year ended 31 December 2015 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 Koh How Loon	333,333	Provision of management services to CNIE
	Symplesoft Sdn Bhd ("SSB")	Tan Sia Swee Cheong Chin Tai Chew Boon Swee Law Yang Ket Gan Chooi Yang	210,420	Provision of IT and e-commerce related services by SSB
CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd ("EM")	Dato' Koh Peng Chor Koh How Loon Tan Sia Swee Chew Boon Swee Gan Chooi Yang	271,172	Provision of research, development and testing services to EM
Fortune Venture Inc.	CNIE	Dato' Koh Peng Chor Koh How Loon	624,100	Purchase of health care and consumer products from CNIE
	EM	Gan Chooi Yang	2,589,126	Purchase of health care products and beverages from EM
	Q-Pack (M) Sdn Bhd ("Q-Pack")		221,447	Purchase of household and personal care products from Q-Pack
	CNI Global (Malaysia) Sdn Bhd ("CNIG")		95,999	Purchase of health care and consumer products from CNIG

Transacting Party	company within CNI Group	Interested Related Parties	Amount transacted during the financial year RM	Nature of transactions
Qingdao Mark Foods Co., Ltd	EM EM	Gan Chooi Yang	93,185 319,119	Purchase of beverages from EM Supply of royal jelly powder and honey to EM
CNI IPHC	CNIE	Dato' Koh Peng Chor Tan Sia Swee Gan Chooi Yang	229,555	Payment of trademark fee by CNIE
Sepang Goldcoast Sdn Bhd	CNIE	Dato' Koh Peng Chor Gan Chooi Yang	264,792	Rental of office located at No. 2 Jalan U1/17 Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
Leader Region Corporation Sdn Bhd	EM	Wong Siew Fong Gan Chooi Yang	422,053	Purchase of beverages from EM
CNI Hong Kong Limited	EM	Dato' Koh Peng Chor Tan Sia Swee Gan Chooi Yang	319,468	Purchase of beverages from EM
CIS Solutions Sdn Bhd	SSB Sierra Edge Sdn Bhd ("SESB")	Eng Kin Hoong	90,718 375,335	Supply of software to SSB Payment of royalty fee to SESB
Law Yang Ket	CNI Holdings Berhad ("CNI")	Law Yang Ket	99,000	Provision of sales development and marketing advisory to CNI
Koh Teng Kiat	CNI	Koh Teng Kiat	180,084	Provision of corporate finance and treasury services to CNI

ANALYSIS OF SHAREHOLDINGS

As At 30 March 2016

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	271	2.97	5	0.05	9,070	(1)	190	(1)
100 - 1,000	3,425	37.53	267	2.93	1,828,693	0.26	160,140	0.02
1,001 – 10,000	3,460	37.92	102	1.12	10,524,074	1.48	249,960	0.04
10,001 – 100,000	1,243	13.62	8	0.09	47,506,663	6.66	267,200	0.04
100,001 – 35,660,644 (*)	332	3.64	11	0.12	264,334,629	37.06	24,806,158	3.48
35,668,095 and above (**)	1	0.01	-	-	363,526,123	50.97	-	-
Total	**8,732**	**95.69**	**393**	**4.31**	**687,729,252**	**96.43(2)**	**25,483,648**	**3.57(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 6,787,100 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 30 March 2016

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	5,028,680	0.71	372,483,483(1)	52.23
Cheong Chin Tai	660,000	0.09	-	-
Koh How Loon	1,679,180	0.24	369,171,643(2)	51.76
Tan Sia Swee	-	-	32,618,690(3)	4.57
Law Yang Ket	4,691,898	0.66	3,000,000(3)	0.42
Chew Boon Swee	1,128,614	0.16	4,300,000(3)	0.60
Dr. Ch'ng Huck Khoon	-	-	1,000(3)	(4)
Zulkifli bin Mohamad Razali	-	-	-	-
Lim Lean Eng	-	-	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 interests 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 interests held by his spouse or parent.
(4) Less than 0.01%
(5) Excluding a total of 6,787,100 CNI shares bought-back by CNI and retained as treasury shares as at 30 March 2016.

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	50.97	-	-
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123[1]	50.97
Dato' Koh Peng Chor	5,028,680	0.71	372,483,483[2]	52.23
Datin Chuah Tek Lan	1,167,200	0.16	376,344,963[2]	52.77
Koh How Loon	1,679,180	0.24	369,171,643[3]	51.76

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 6,787,100 CNI shares bought-back by CNI and retained as treasury shares as at 30 March 2016.

ANALYSIS OF SHAREHOLDINGS

As At 30 March 2016

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	50.97
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.	Chan Sook Cheng	7,145,405	1.00
10.	Stephanus Abrian Natan	6,175,555	0.87
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Beh Hang Kong	5,858,912	0.82
12.	Ong Teck Seng	5,717,000	0.80
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd	5,260,920	0.74
14.	Heng Hoay Liang @ Heng Hoye Ee	5,250,000	0.74
15.	Chong Yee Min	5,209,600	0.73
16.	Tan Yuan Fang	4,715,710	0.66
17.	Law Yang Ket	4,691,898	0.66
18.	Wong Siew Keow	4,146,400	0.58
19.	Moy Mee Leng	4,100,000	0.57
20.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd	3,557,000	0.50
21.	Suharman Subianto	3,102,532	0.44
22.	Addeen Trading Sdn Bhd	3,016,600	0.42
23.	Yow Siew Lian	3,000,000	0.42
24.	Tan Chong Liang @ Than Chong Kim	2,816,300	0.39
25.	Subramaniam A/L Karuppiah	2,600,000	0.36
26.	Koh Peng Chor	2,538,440	0.36
27.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koh Peng Chor	2,490,240	0.35
28.	Cheong Chee Kee	2,463,666	0.35
29.	WBW Global Sdn. Bhd.	2,348,200	0.33
30.	Koh Tiah Siew	2,295,857	0.32
	Total	548,314,222	76.88

Note:

(1) Excluding a total of 6,787,100 CNI shares bought-back by CNI and retained as treasury shares as at 30 March 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh 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 Thursday, 26 May 2016 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 2015 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:

    a) Dato' Koh Peng Chor **Ordinary Resolution 1**

    b) Law Yang Ket **Ordinary Resolution 2**

    c) Dr. Ch'ng Huck Khoon **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 authority 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."

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 29 April 2016, 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

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
29 April 2016

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 19 May 2016 ("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.

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 25 of the Statement on Corporate Governance in the Annual Report 2015.

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 29 April 2016 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 2015, the Company's retained profits amounted to RM28,927,939 and there was no share premium account.

   Please refer to the Share Buy-Back Statement dated 29 April 2016 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-Seventh 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 & Email	Fax
PERLIS			
DC Jejawi, Arau DC	95, Lot 342, Jln Jelawi Sematang, Tmn Muhibbah Fasa 2 Jejawi 02600 Arau.	04-9771288/019-4100355	04-9771288
SP Padang Besar SP	518, Jln Sekolah Rendah Kebangsaan, 02100 Padang Besar.	04-9490554 / 013-4801000	04-9492554
KEDAH			
RC Alor Star RC	Lot 46, Ground Flr, Kompleks Perniagaan Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid 3, 05050 Alor Setar.	04-7720918	04-7720918
DC Kulim DC	70, Tkt 1, Lrg Semarak 3, Tmn Semarak 09000 Kulim.	04-4951564	04-4951564
Langkawi DC	87, Persiaran Mutiara Pusat Dagangan Kelana Mas, 07000 Langkawi.	04-9672460	04-9672460
Sungai Petani DC	Wisma Zainal Yusoff, 7, Lengkok Cempaka, Persiaran Cempaka, Amanjaya 08000 Sg Petani.	897	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	
SP Simpang Empat SP	120 Taman Desa Damai, Batu 5 Simpang Empat, 06650 Simpang Empat.	019-6370670	
Kuah SP	39, Pekan Lama (Sebelah Mat Sirat Supermarket), Padang Mat Sirat, Kuah 07000 Langkawi.	019-5598337 / 019-4499507	
Jitra SP	3-B Jalan 1 PJ2, 06000 Jitra.	017-5239447 / 012-5815552	
Pendang SP	No 4, Bangunan Orkid, 06700 Pendang.	019-5119897 / 013-4239897 / 013-4801000	
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 / 016-5510870	05-6217795
Sitiawan DC Cni	23, Tmn Sentosa, Jln Lumut, 32300 Sitiawan.	05-6911171 / 016-5519629	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	
Batu Gajah	No 93A PSN Pinggiran Saujana Taman Pinggiran Saujana 31000 Batu Gajah.	011-6462238 espbatugajah@mycni.com.my	
Simpang	No 3, Batu 2½ Jalan Simpang, 34000 Taiping.	05-8110145 / 012-4599938 espsimpang@mycni.com.my	

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		**Address**	**Tel & Email**	**Fax**
PERAK				
DC	Lahat SP	3, Persiaran Pinjil Selatan 8, Desa Pelancongan, 31500 Lahat.	012-3783185	
SP	Hutan Melintang SP	No 99 Lorong 6, Taman Wawasan, 36400 Hutan Melintang.	014-9097574	
	Kemunting SP	No 24 Jln Sepat, Taman Kamunting Perdana, 34600 Kemunting.	05-8830131/ 019-5791392	
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	13, Jln PSK1, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan.	03-89435480	03-89435480
	Rawang DC	No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang.	03-60928461 / 012-3823678	03-60928525
	Ampang DC	1-12, Jln Dagang B/3A, Tmn Dagang 68000 Ampang.	03-42701897 / 019-2137779	03-42706279
	Batu Caves DC	573, Jln Samudera Utara 1 Tmn Samudera, 68100 Batu Caves.	03-61841897	03-61841897
	Bangi DC	43A-1-1B Jln Medan PB2, Medan PB2 Pusat Bdr Bangi, Bdr Baru Bangi 43650.	03-89202475	03-89202475
	Petaling Jaya DC	53A, Jln SS3/29 Tmn Universiti, 47300 Petaling Jaya.	03-78739897	03-78739897
eSP	Taman Dato' Harun	4, Jln 13, Tmn Dato' Harun, 46000 PJ.	03-77841859 / 016-3133466 esptamandatoharun@mycni.com.my	
	Banting	161, Jln Sultan Abdul Samad, 42700 Banting.	03-31872333 / 012-3027433 espbanting@mycni.com.my	
SP	Teluk Panglima Garang SP	Lot 2323, Lrg Aman Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021/ 016-3552162	
	Labuhan Dagang SP	Lorong Satu, Hadapan Dewan Wanita, Kampung Labuhan Dagang 42700.	012-3676284 / 012-3598978	
	Ulu Yam Bharu SP	No 5 Jln Arowana 3Tmn Desa Ulu Yam Bharu 44300 Batang Kali.	017-3480937 / 012-6160194 uluyambharu@mycni.com.my	
	Kajang SP	No 1B-1 Jalan Reko Sentral 1 Reko Sentral 43000 Kajang.	012-23379947 / 011-27010067	
	Shah Alam SP	No 28 Jalan Nova, U5/75A Subang Bestari, 40150 Shah Alam	019 359 5886 / 012 6613590	
W. PERSEKUTUAN				
DC	Setapak DC	211 A, Jln Genting Klang, 53300 Setapak.	03-40245133 / 03-40315508	03-40239195
	Cheras DC	54-A, Jln Serkut, Tmn Pertama, Cheras 56100.	03-92877190 / 016-6687697	03-92877190
SP	Putrajaya SP	No 10 Jalan P16F, Presint 16 , 62150 Putrajaya	017-5389677	
	OUG SP	57A Jalan Hujan Emas 8, Overseas Union Garden, 58200 Kuala Lumpur.	03-79715128 / 012-2818478	
N. SEMBILAN				
DC	Seremban DC	656, Jln Haruan 4/10 Pusat Komersial Oakland, 70300 Seremban.	06-6338337	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

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email	Fax
MELAKA				
DC	Batu Berendam DC	11, Jln BBP 1 Tmn Berendam Putra 75350 Batu Berendam.	06-3369349	06-3369349
SP	Pernu SP	590-1, Km 12 Kg Pemu, Pemu 75460.	06-2610012 / 012-6764096	06-2610012
	Paya Rumput SP	No. 22, Jln IKS PR2 IKS Paya Rumput, 76450 Paya Rumput.	06-3162001 / 013-6257842	
JOHOR				
DC	Tmn Sutera Utama DC	7 & 9, Jalan Sutera Tanjung 8/3, Taman Sutera Utama, 81300 Johor Bahru.	07-5542731	07-5544904
	Taman Molek DC	7, Jln Molek 2/5 Tmn Molek, 81100 Johor Bahru.	07-3524731	07-3524731
	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
eSP	Yong Peng	29 Jalan Panorama 7, Taman Kota Panorama, 83700 Yong Peng.	07-4675089/019-7149165 espypeng@mycni.com.my	
SP	Taman Sentosa	277 Jalan Sutera, Taman Sentosa, 80150 Johor Bahru.	012-7172937 espsentosa@mycni.com.my	
	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	
	Masai SP	8, Jln Bayan 31/1, Tmn Megah Ria, Masai, 81750 Johor Bahru.	017-7692638	
	Segamat SP	45, Jln Intan 2, Tmn Intan Bukit Siput, 85020 Segamat.	019-6556563	
KELANTAN				
DC	Kota Bharu DC	PT397 Tingkat Bawah, Jln Dusun Raja, Sri Cemerlang, 15400 Kota Bharu.	09-7477433	09-7477433
	Machang DC	Lot 3117 Kweng Hitam, Jln Besar, 18500 Machang.	09-9758200	09-9758200
eSP	Pasir Mas	W2/458, Jln Hospital, 17000 Pasir Mas.	019-9184408/017-9096213 esppasirmas@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	
	Kuala Krai SP	PT 1075 Jln Perisai Wira 8, Tmn Perisai Wira, 18000 Kuala Krai.	09-7941016 / 019-7548539	
TERENGGANU				
DC	Kemaman DC	40-A, Jln Jakar, Chukai, 24000 Kemaman.	09-8591028 / 012-9886118	09-8591028
	Dungun DC	Pt 7324, Rumah Kedai Taman Rakyat Jaya, 23000 Dungun.	018-9195267	
eSP	Kuala Terengganu DC	219, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6220085	09-6220085
SP	Gong Badak	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308 / 013-9436988 espgongbadak@mycni.com.my	
	Kerteh SP	759-5, Kg Baru, 24300 Kerteh, Kemaman.	017-9702384 / 019-3375967	

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)	Address	Tel & Email	Fax
PAHANG			
DC Kuantan DC	B.58, Jln 1 M3/10 BIM Point, Bdr Indera Mahkota, Jln Kuantan, 25200 Kuantan.	09-5730834	09-5730834
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	
SP Kuantan	B-1882 Lrg Sekilau 32, Tmn Pacific, 25200 Kuantan.	09-5133105 / 019-9839963 espkuantan@mycni.com.my	
Triang	6 Taman Cheng Siew. 28300 Triang.	016-9866568 esptriang@mycni.com.my	
Kuala Lipis SP	101A, Medan Niaga Bgn MARA, Jln Stesen, 27200 Kuala Lipis.	019-9726897	
Jengka SP	M.166 Jalan Bakti, Rantau Perintis 26400, Bdr Jengka Pahang.	013-9719572 / 013-6020451	
Lepar Hilir 1 SP	No 2 Bangunan Koperasi, Felda Lepar Hilir 01, Gambang.	013-9881791	
Desa Ria, Bentong SP	No 50 Tmn Desa Ria, 28700 Bentong.	012-9159476	
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
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
DC 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 / 016-8737765	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
eSP Sarikei 2	No 7 Jalan Bersatu, Jubli Mutiara 96100, Sarikei.	019-8861300 espsarikei2@mycni.com.my	
SP Sibu SP	54-C, Kg Hilir, 96000 Sibu.	084-332216 / 012-8572342	
Mukah SP	83, Newtowship, 96400 Mukah.	084-871867 / 013-8063268	
Bau SP	1, Tkt 1, Market Serbaguna, Majlis Daerah Bau, 94000 Bau.	019-8876390	
Lawas SP	Grd Flr 14 Lot 256, Jln Masjid Baru, 98850 Lawas.	019-865 3693	
Sarikei SP	No 20 Jalan Bawal, Lorong 4C, 96100 Sarikei.	084-656397 / 019-8178229	
Sibu Jaya SP	Sublot 29,36, Lot 1192 Blk 1, Menyan Land Distric, Sibu Jaya 96000.	013-8312888	
Serian SP	No 1 Serian Bazaar, 94700 Serian.	014-8811112	

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email	Fax
SABAH				
DC	Sabah Branch	Lot C6, Lrg 1A, KKIP Selatan, Kws MIEL, KKIP Jln Sepanggar, Menggatal 88460 Kota Kinabalu.	088-491100/01/02	088 - 491105
	Keningau DC	Lot 18, Tkt 2 Ribumi Complex, Jln Masak, Keningau 89000.	087-333715 / 013-8658865	087 - 333715
	Kota Kinabalu DC	Lot 1.25,1st Floor,asia City Complex, Asia City, 88000 Kota Kinabalu	088-484968 / 013-8604168	088 - 487968
	Tawau DC	TB999, Jalan Utara, 91000 Tawau.	089-768154 / 014-8617839 / 013-8604168	089 - 776867
	Sandakan DC	Lot 52 (Tkt 1), Bdr Prima Batu 4, Jalan Utara 90000, Sandakan.	089-224868 /013-4239897 / 019-9189897	089 - 211723
SP	Lahad Datu SP	MDLD 0813 Raya 3, Public Villa Jln Segama, 91110 Lahad Datu.	089-882090/ 014-3580166	089 - 882090
	Tambunan SP	Peti Surat 14, Pekan Tambunan 89657	019-8021699	
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 Darulssalam	00673-2-37293 e-mail: fce212@brunet.bn	00673 - 2 - 237294
	Singapore Branch Creative Network International http:// (S) Pte. Ltd.	5 Harper Road #07-01 Singapore 369673. http://www.cni.com.sg	02-6842 6888 e-mail: info@cni.com.sg	02 - 6285 8951
SP	Ang Mo Kio	Blk 409, Ang Mo Kio Ave 10, #01-54, Singapore 560409.	02) 9189 3467	
	Serangoon North Avenue	Blk 152A, Serangoon North Avenue 1, #01-360, Singapore 551152.	(02) 9128 3977	
	Orchard	150 Orchard Plaza, Orchard Road #02-59B, Singapore	(02) 9826 9968	

CNI HOLDINGS BERHAD
181758-A

NO. OF SHARES HELD

FORM OF PROXY

I/We .... NRIC/Co. No. ....
(FULL NAME IN BLOCK LETTERS)

of ....

....
(FULL ADDRESS)

being a member of **CNI HOLDINGS BERHAD**, hereby appoint ....

.... NRIC No. ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

*and/or failing him, ... NRIC No. ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

or failing *him/both, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at Diamond Hall, First Floor, Wisma CNI, 2 Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 26 May 2016 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:

		FOR	AGAINST
Ordinary Resolution 1	Re-election of Dato' Koh Peng Chor as Director		
Ordinary Resolution 2	Re-election of Law Yang Ket as Director		
Ordinary Resolution 3	Re-election of Dr. Ch'ng Huck Khoon as Director		
Ordinary Resolution 4	Re-appointment of Messrs Baker Tilly ACas 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 2016

....
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 19 May 2016 ("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
www.cniholdings.com.my