CNI HOLDINGS BERHAD
181758-A

TAPPING ON THE WELLNESS UPTREND

ANNUAL REPORT 2016

TAPPING ON THE WELLNESS UPTREND

Southeast Asia is primed to be a strong market force for the wellness industry in the next few years. Experts point to a growing middle class - estimated at 90 million people making up 40% of the population - as a reason for future growth. Within major cities like Malaysia, Bangkok, Singapore, and Hong Kong, a younger, well-informed, and more demanding consumer base has pushed the growth of health and wellness products across the board. Wellness is now regarded as a status symbol among consumers who prioritize maintaining their well-balanced physical and mental health in all aspects of their life and experience.

Tapping on this uptrend, CNI is focusing on the fundamentals – its health and wellness core business - that has stood the test of time. We are confident that this will create a long-term value for our stakeholders, and improve our business sustainability.

Our target is precise. We believe that our commitment, and determination to return to sales growth will augur a future improvement in profitability as we continue to make CNI a long-term winner.

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VISION & MISSION

VISION

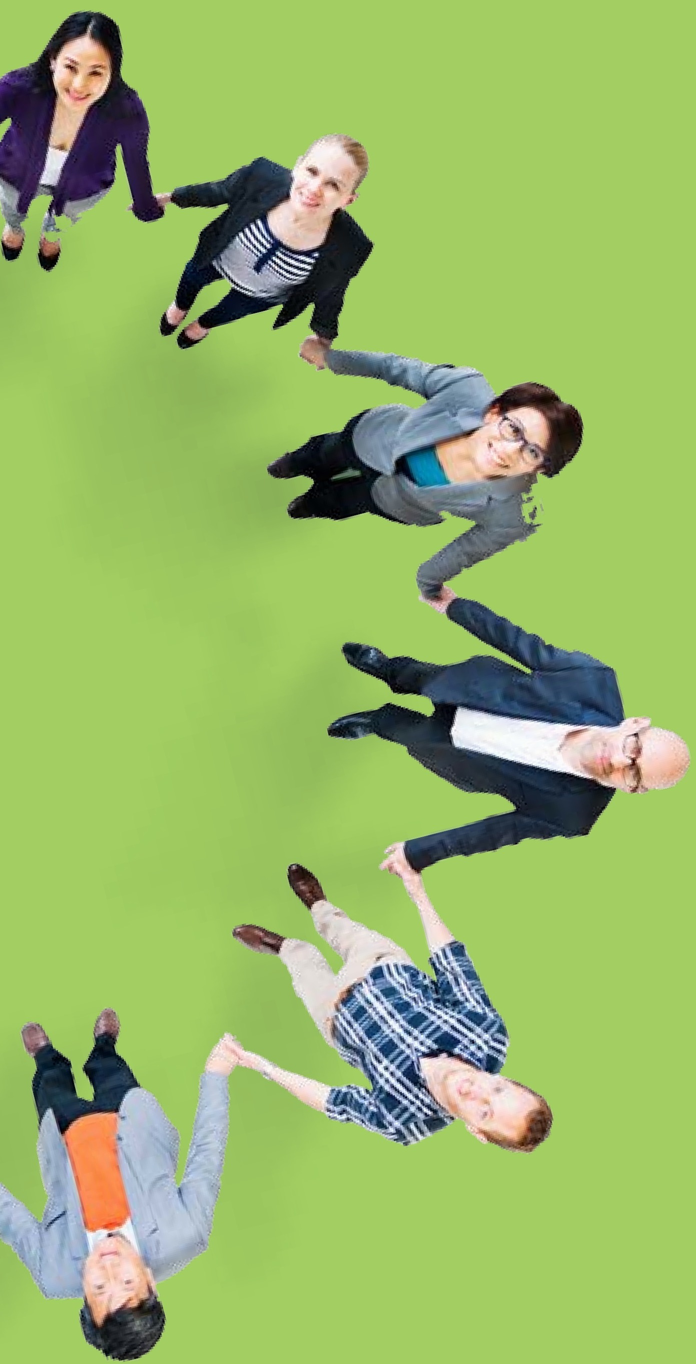
We are a dynamic organization continuously striving to enrich the lives of our stakeholders through mutual experience and support.

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.

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, Singapore, Thailand and Mynamar 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.

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% GTI ECO SOLUTIONS SDN. BHD. (formerly known as 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

Chew Boon Swee
Executive Director

Tan Sia Swee
Non-Executive Director
(Re-designated w.e.f. 1 January 2017)

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

	2016	2015	2014	2013	2012 (Restated)
Performance (RM'000)					
Revenue	88,121	93,261	92,461	111,980	115,819
(Loss) / Profit Before Taxation	(5,386)	(3,356)	(6,841)	(208)	1,448
Attributable (Loss) / Profit	(4,519)	(6,163)	(6,612)	(651)	1,155
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	76,272	82,793	92,695	101,336	104,397
Total Assets	101,292	109,413	116,697	125,553	131,697
Borrowings	202	72	90	38	73
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	(0.63)	(0.86)	(0.93)	(0.09)	0.16
Net Dividend Per Share (sen)	0.30	0.30	0.30	0.30	0.30
Net Assets Per Share ("APS") (sen)	10.69	11.61	12.87	14.07	14.50
Gearing Ratio (%)	0.03	0.09	0.10	0.04	0.07

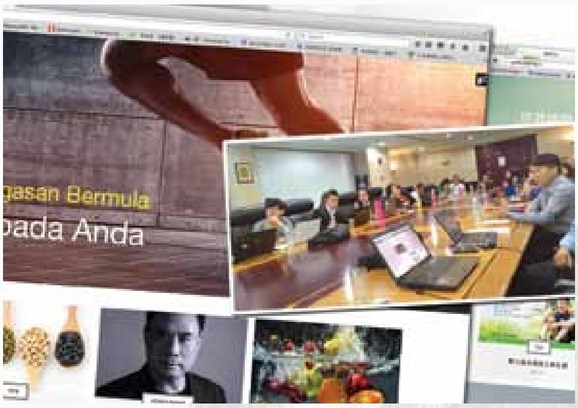
CORPORATE EVENTS

CNI Anniversary Incentive Trip

More than 80 distributors were entitled to participate in CNI Anniversary Incentive trip to Jakarta. Besides visiting places of interest around the city, they also joined 5,000 high-achieving leaders from Malaysia, Singapore, Thailand, Myanmar, Vietnam and China and Indonesia to attend the CNI's 30th Anniversary Celebration in Jakarta.

Mobile Internet Business Model Introduced

CNI mobile internet business opportunity was introduced in line with the emerging mobile internet marketing global success. A new website, www.Uplife.my, a series of training for distributors, and a special Affiliate Package for new distributors were implemented as part its strategy to induce enrolment.



Media Reps Visit To Top One Biotech

Mainstream media representatives from China Press, Utusan Malaysia, Cari.com, and NTV7, went for a media visit to Top One Biotech in Taiwan by invitation from CNI. The objective was to create public awareness on MENEP technology and its implementation in the production of Well3 Life Enzyme.

CORPORATE EVENTS

CNI Health Camp - My Health, My Responsibility

A successful collaboration between Yayasan CNI, Sin Chew Daily, and Sinchew.com.my as the media partner. 4 separate camps were held in May, August, October, and November 2016 at Malacca, Ipoh, and Johor Bahru respectively which attracted more than 500 participants.

CNI Anniversary Convention

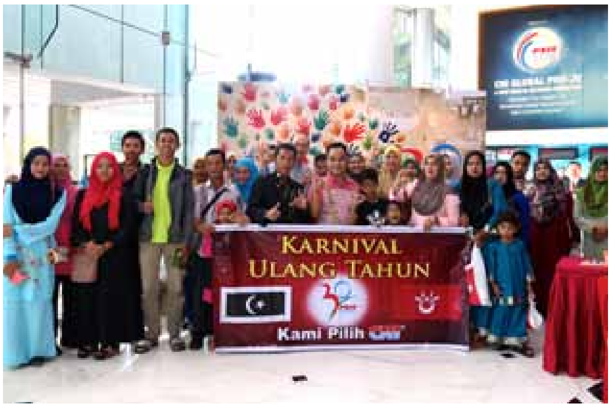
CNI celebrated its annual anniversary convention on 1 October 2016 with gusto. Held in MATRADE Exhibition & Convention Centre, the all-day event highlights were, among others, special recognitions for high-achieving distributors, new product launch, motivational speech, entertainment, product exhibition and promotions.

Wellness Incentive Trip To Taiwan

Distributors who achieved their Wellness sales target went for a trip to Taiwan, which included a GMP factory visit to Top One Biotech, that had won 4 patent rights for its MENEP biotechnology. Distributors had the chance to witness the production of Well3 Life Enzyme, and interacted with MENEP technology inventor, Professor Chau Chi Fai.

Yayasan CNI and RTM Ramadhan Collaboration

Ramadhan Tour was a maiden collaboration between Yayasan CNI, and RTM that was held from 7 June to 25 June 2016 throughout Malaysia. The venture was undertaken by CNI as a means to create publicity for CNI brand, as well as an opportunity to implement its CSR effort.



CNI Anniversary Carnival

A variety of activities were organised, including special recognition for high-achieving distributors, and blood donation drive in collaboration with University Hospital, Petaling Jaya, to celebrate CNI's anniversary.

New Products Launched - EcoFresh Air Therapy & HSC Omega-3

Two products were introduced, namely EcoFresh Air Therapy System, an air purifier for clean air and healthy living, and HSC Omega-3 which featured more than twice the concentration of Omega 3 in the market, certified by HSC Medical Centre.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2016 ("FY 2016")

OPERATIONS OVERVIEW

Our Group is involved in the sales and distribution of health care and consumer products, the manufacturing, trading and packaging of all kinds of foodstuffs and beverages, household and personal care products. Our Group is one of the leading direct selling companies in Malaysia.

The operating environment continued to be challenging. In 2016, we navigated a market landscape characterized by global geo-political uncertainties, rising oil price, and a tightening domestic economy flanked by currency volatility and the rising cost of living that continued to pressure consumers' sentiment.

These unfavourable sentiments have impacted our Marketing & Trading segment, as well as the Manufacturing segment. Consequently, sales had been slow throughout the FY 2016.

REVIEW OF FINANCIAL RESULTS

For FY 2016, the Group registered lower revenue of RM88.1 million, as compared to revenue of RM93.3 million reported in the preceding year.

As a result, the Group's loss before tax increased from RM3.4 million in 2015 to RM5.4 million for FY 2016. The decline in revenue and profit before tax was mainly due to lower sales performance by the Marketing & Trading segment which remains our anchor operating segment. In addition, the impairment loss of other investments and inventories written off had further reduced the Group's performance for FY 2016.

The Group's financial position remains robust and the Board trust that with the continued prudent management of the Group's operations, it will remain positive. The Group is virtually debt-free and has sufficient cash reserve that provides the Group with the capacity and flexibility to invest in potential business venture that yields greater returns and a sustainable growth in the future. The Board also does not foresee any significant change in the Group's capital structure in the near term.

REVIEW OF SEGMENTAL RESULTS AND OPERATING ACTIVITIES

Marketing & Trading Segment

The Marketing & Trading segment had recorded revenue of RM75.6 million in FY 2016 as compared to RM81.4 million in 2015. The decrease in revenue was mainly due to lower sales from our coffee product affected by coffee counterfeiting.

On the contrary, CNI is placing greater emphasis on wellness products to help boost sales revenue and hence, the income of active members. Wellness products had yield 40% of sales and behave become one of the key sales contributors to the segment. We expect the overall sales from this segment to increase accordingly in line with the Company's strategic plan.

We have consistently strengthened our wellness portfolio through innovation, in line with market trends and consumer feedback, with a long-term view of improving market penetration. NuFit, a new biotech-related process from our R&D team, has obtained patent certifications from Germany, Japan, Taiwan and China. These value-added certifications positively enhance the marketability of our MENEP(Metabolic Enzyme Nutrient Exchange Process)–based products.

In 2016, we introduced 2 new products, namely EcoFresh Air Purifying System, and HSC Omega-3. A brand new home water filtration system from the WaterLife series, Hot Spring Energy System, was launched in January 2017.

To expand our reach to a wider market segment and to enhance our brand's appeal, CNI is emphasising consumer education and brand awareness programme via mobile internet social marketing. This strategy is currently in its early stage of implementation, and is supported by a new website, Uplife.com.my, that has been specially developed for consumers. Focus group among distributors and staff have been selected, and had undergone intensive training by batches. Our new marketing channel, Uplife.com.my, was launched in 2016 to test local sales.

As part of the strategic review on our operations, several collaborations and initiatives were undertaken during the financial year, which included the strategic collaboration entered into with Federation of Chinese Physicians & Acupuncturists Association of Malaysia (FCPAAM) and organic chain store to secure sales.

In terms of progress of the Group venture into the Indochina market, we have strategically positioned Bangkok, Thailand as the headquarters of our Indochina market. In 2016 alone, we have officially opened 3 new branch offices, namely in Udon Thani (Thailand), Yangon and Mandalay (Myanmar) respectively. To optimise sales growth, the opening of more sales outlets for market penetration and reach is considered necessary.

Manufacturing Segment

The Manufacturing segment had recorded revenue of RM34.7 million in FY 2016 compared to RM37.4 million in 2015.

During the financial year, the Manufacturing segment secured RM1.8 million of new orders. The estimate order received for new products to be launched in 2017 is approximately RM1 million.

This segment will continue to focus in ongoing new products development and enhance products formulation with support from a well-maintained research laboratory and GMP plant facility. In 2016, a variety of new products were developed, with ensuing packaging art work and product registration in the related countries we operate.

Our new product exports are mainly to markets in China, Brunei, Indonesia, the United States of America, and Thailand. Total export sales contribution in FY 2016 showed a slight increase of 33% as compared to 31% in year 2015. However, growth prospect in year 2017 is still uncertain, bogged down by a few persistent unresolved issues shaping up the global economy.

Nevertheless, this segment will continue the development and deployment of potential manufacturing processes to enhance product efficacy and reliability via MENEP technology.

DIVIDEND

The Board has taken into consideration the Group's and the Company's financial position, operational working capital requirements and the need to conserve cash in the current uncertain economic climate. Arising therefrom, the Board does not recommend the payment of any dividend for the financial year ended 31 December 2016.

ANTICIPATED RISKS

The Group's business is very aggressive and faces stiff competition from other MLM rivals, manufacturers operating at a lower cost, and unscrupulous coffee counterfeiters.

To remain competitive, the Group is reinforcing its positioning in the MLM market. Our strategy will be supported by continual investment in the training and development of distributors, staff, innovations to fit customers' requirements and application of technology for products improvements.

As the Group's products are sold globally, we are exposed to the risks associated with currency fluctuations. Therefore, exchange rate fluctuations of international currencies against Ringgit Malaysia may influence the Group's reported financial results. However, this would be mitigated through hedging activities.

BUSINESS OUTLOOK AND PROSPECTS

2017 is expected to remain challenging due to both global and domestic economic uncertainties with increased regulatory requirements. Consumer sentiment is expected to remain soft with a growing imitation market that continues to be a significant challenge to the industry.

CNI is determined to continue to perform by delivering on our key strategies, growing our brands, strengthening our commercial strategies, and investing in people.

The Group's strategies in the near to medium terms are launching of sales opportunities for products in new markets and leveraging mobile internet marketing for brand awareness and in reaching out to a wider consumer market.

The Group will also upgrade its membership services IT platform to improve overall product ordering experience. The upgraded system will allow members to actively monitor and track their sales performance for maximum productivity.

International market would play a bigger role in contributing to the overall performance of the Group, with the upbeat potential of Myanmar and China markets as reflected in their solid GDP growth in recent years.

At the same time, the Board will continue to be mindful of the operating cost and seek new opportunities to enhance operating efficiency, and growth. According, the Group will further enhance its financial management through profitable trading and risk management for 2017.

ACKNOWLEDGEMENTS

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 2016.

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 2017.

Dato' Koh Peng Chor
Non-Executive Chairman

BOARD OF DIRECTORS' PROFILE

DATO' KOH PENG CHOR
Non-Executive Chairman
Malaysian, Male, 65 years old

Date of Appointment:
- 11 December 1990

Qualification:
- Honorary Doctor of Philosophy in Multilevel Marketing by Summit University, USA
- Fellow Member of the Institute of Marketing, Malaysia

Working experience:
- As the main founder, he has been instrumental in the development and growth of CNI.

Board Committee:
- Chairman of the Remuneration Committee and Investment Committee
- Member of the Nomination Committee

Other Directorship:
- Nil

Family Relationship:
- He is a major shareholder of CNI. He is the father of Mr. Koh How Loon, an Executive Director of CNI. He is the spouse of Datin Chuah Tek Lan, a major shareholder of CNI.

CHEONG CHIN TAI
Executive Director
Malaysian, Male, 55 years old

Date of Appointment:
- 18 September 2003

Qualification:
- Bachelor of Science, University of Manitoba, Canada
- Master of Business Administration, Southern Illinois University, Carbondale, USA
- Board member of the Direct Selling Association of Malaysia
- Member of the Malaysian Institute of Management

Working experience:
- He started his career with Direct Circle Corporation in 1988. Subsequently, he joined Aetna Insurance Bhd and was the Executive Director of Luxome Marketing Sdn Bhd. He was the Executive Director of CNI Hong Kong Ltd prior to joining CNI Enterprise (M) Sdn Bhd ("CNIE") in 2001. He assumed his current position as the Chairman of CNIE in 2011.

Board Committee:
- Chairman of Risk Management Committee and Executive Management Committee
- Member of the Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

KOH HOW LOON
Executive Director
Malaysian, Male, 39 years old

Date of Appointment:
- 1 February 2012

Qualification:
- Bachelor of Administration in Supply Chain Management, University of Michigan State, USA
- Master in Business Administration, University of Victoria, Australia

Working experience:
- He started his career with CNIE as Management Trainee in 2001. He was the Personal Assistant to the Group Chairman & CEO of CNI. He was appointed as Executive Director of CNIE in 2007 and assumed his current position of the CEO of CNIE in 2011.

Board Committee:
- Member of the Executive Management Committee, Risk Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:
- Nil

Family Relationship:
- He is the son of Dato' Koh Peng Chor, the Chairman of CNI and a major shareholder of CNI and Datin Chuah Tek Lan, a major shareholder of CNI

CHEW BOON SWEE
Executive Director
Malaysian, Male, 57 years old

Date of Appointment:
- 18 September 2003

Qualification:
- Bachelor of Science, National Taiwan Chung Hsing University
- Professional member of the Malaysian Institute of Food Technologist
- International member of the Institute of Food Technologist

Working experience:
- He started his career with Empire Food Industries Sdn Bhd and subsequently joined Fortune Lab (M) Sdn Bhd. He was appointed as the CEO of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("QP") in 1991. He is credited for setting up the GMP, ISO and HACCP accreditations for the manufacturing operations of EM and Q-Pack.

Board Committee:
- Member of the Remuneration Committee, Executive Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

BOARD OF DIRECTORS' PROFILE

TAN SIA SWEE
Non-Executive Director
Malaysian, Male, 57 years old

Date of Appointment:
- 11 December 1990

Qualification:
- Diploma in Malay Studies, Southern College of Johor Bahru

Working experience:
- 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.

Board Committee:
- Chairman of Investor Relations & Corporate Disclosure Committee
- Member of the Investment Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

LAW YANG KET
Non-Executive Director
Malaysian, Male, 57 years old

Date of Appointment:
- 18 September 2003

Qualification:
- Bachelor of Education, National Taiwan Normal University, Taipei

Working experience:
- He joined the Malaysia Chinese Association, MCA Youth Johor Branch as Executive Secretary in 1985. Subsequently in 1987, he assumed the position of Consultant at Dynamic Leadership Development Consultancy. He is a co-founder of CNI.

Board Committee:
- Member of the Investment Committee.

Other Directorship:
- Nil

Family Relationship:
- Nil

ZULKIFLI BIN MOHAMAD RAZALI

Senior Independent Non-Executive Director
Malaysian, Male, 57 years old

Date of Appointment:
- 3 May 2005

Qualification:
- Bachelor of Arts in Accountancy Studies, Huddersfield University, UK
- Diploma in Management Studies, Warwick University, UK
- Master of Science in International Economics & Banking, University of Wales, UK

Working experience:
- He began his career with Bank Pembangunan Malaysia Berhad in 1983. Subsequently, he joined Commerce International Merchant Bankers (CIMB), Corporate Advisory Department. He was the Managing Director of Marzin Transport Sdn Bhd. He is currently the Managing Director of Marzin Sdn Bhd. and PNL Travel Sdn. Bhd.

Board Committee:
- Chairman of Nomination Committee
- Member of the Audit Committee and Remuneration Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

DR. CH'NG HUCK KHOON

Independent Non-Executive Director
Malaysian, Male, 48 years old

Date of Appointment:
- 1 March 2010

Qualification:
- Diploma in Commerce, Business Management, Tunku Abdul Rahman College
- Associate Member of the Institute of Chartered Secretaries and Administrators, UK
- Master of Business Administration (Finance), University of Stirling, UK
- Doctor of Philosophy in Finance by the Universiti Sains Malaysia

Working experience:
- He was a Capital Markets Services Representative License holder with A A Anthony Securities Sdn Bhd for 15 years.

Board Committee:
- Chairman of Audit Committee
- Member of the Remuneration Committee and Nomination Committee

Other Directorship:
- Independent Non-Executive Director of YGL Convergence Berhad and AT Systematization Berhad

Family Relationship:
- Nil

LIM LEAN ENG
Independent Non-Executive Director
Malaysian, Male, 50 years old

Date of Appointment:
- 16 November 2007

Qualification:
- Diploma in Financial Accounting, Tunku Abdul Rahman College
- Fellow Member of the Association of Chartered Certified Accountants, UK

Working experience:
- He joined Oriental Capital Assurance Berhad as Manager, Accounts & Finance in 1995, and was the Investment & Property Manager with PC Marketing Sdn Bhd. He is currently a Director of Daden Culture (M) Sdn. Bhd and Ruzang Culture Sdn Bhd.

Board Committee:
- Member of Audit Committee, Remuneration Committee and Nomination Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

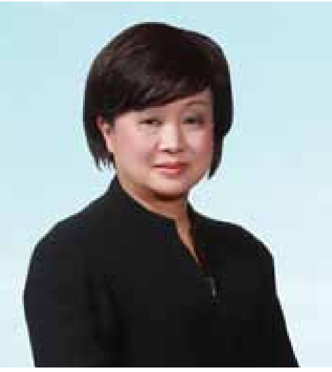
Notes:
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of CNI, have no conflict of interest with the Company, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Statement on page 33.

KEY SENIOR MANAGEMENT'S PROFILE

CHAN KOK LIANG
Executive Director of CNI Enterprise (M) Sdn Bhd ("CNIE") and Creative Network International (S) Pte Ltd ("CNIS")
Malaysian, Male, 50 years old

Date of Appointment to the current position:	• 1 August 2002 (CNIS) and 1 January 2007 (CNIE)
Qualification:	• Diploma from Southern College (previously known as Foon Yew Advance Studies)
Working experience:	• He joined CNIE in 1989 and has held various positions in CNIE and CNIS and responsible for supervising and management of the marketing team as well as product training and management of distribution activities and branch operations.
Other Information:	• He is a member of the Risk Management Committee



WONG SIEW FONG
Executive Director of CNI Enterprise (M) Sdn Bhd ("CNIE")
Malaysian, Female, 53 years old

Date of Appointment to the current position:	• 1 January 2005
Qualification:	• Higher Stage Certificate for Business Statistic and Accounting, London Chamber of Commerce and Industry, UK
Working experience:	• She started her career in 1985 as Accounts Officer. Subsequently, she joined CNIE in 1989 and has held various positions in CNIE and responsible for overseeing the finance and accounts, administration, purchasing and property management and logistics and distribution aspects of CNIE.
Other Information:	• She is the spouse of Mr Tan Sia Swee, a Non-Executive Director of CNI

KEY SENIOR MANAGEMENT'S PROFILE

KOH TIAH SIEW

Executive Director of Exclusive Mark (M) Sdn Bhd ("EM") and Q-Pack (M) Sdn Bhd ("Q-Pack")

Malaysian, Female, 51 years old

Date of Appointment to the current position:
- 1 July 2003

Qualification:
- Diploma in Commerce, Management Accounting, Tunku Abdul Rahman College

Working experience:
- She joined CNIE in 1990 and subsequently transferred to EM and Q-Pack. She has held various positions in EM and Q-Pack and responsible for overseeing the accounts and finance matters and human resources and administration of both companies.

Other Information:
- She is a member of the Risk Management Committee

  She is the sister of Dato' Koh Peng Chor, the Chairman of CNI and a major shareholder of CNI

KOH TENG KIAT

Executive Director of Creative Network International (S) Pte Ltd

Malaysian, Male, 61 years old

Date of Appointment to the current position:
- 15 July 1992

Qualification:
- Fellow member of Institute of Certified Public Accountants, Singapore
- Fellow Member of the Chartered Institute of Management Accountant, UK

Working experience:
- He started his career in the Finance and Administration fields, followed by Operational Management and Treasury & Corporate Management in the later years of his career..

Other Information:
- He is the brother of Dato' Koh Peng Chor, the Chairman of CNI and a major shareholder of CNI

KEY SENIOR MANAGEMENT'S PROFILE

THONG LAI YEEN

Executive Director of Lotus Supplies Sdn Bhd
Malaysian, Female, 51 years old

Date of Appointment to the current position:	• 3 November 2008
Qualification:	• Diploma in Marketing from TL Management
Working experience:	• She started her career in the property industry. Subsequently in 1997, she was attached to an established industrial chemicals and additives importer for 10 years with last designation as General Manager Food Department.

CHU YANG ANG

Executive Director of Creative Network International (Thailand) Co., Ltd ("CNIT") and Creative Network International (Myanmar) Co., Ltd ("CNIMr")
Malaysian, Male, 39 years old

Date of Appointment to the current position:	• 1 January 2016
Qualification:	• Bachelor of Business Administration, Universiti Utara Malaysia
Working experience:	• He started his career as Customer Service Executive in 2003. He joined CNIE in 2004 and has held various positions in CNIE, CNI Global (Malaysia) Sdn Bhd, CNIT and CNIMr and responsible for overseeing the sales & marketing operations and network development.

KEY SENIOR MANAGEMENT'S PROFILE

SOO WEI HUEY
Executive Director of Top One Biotech Co., Ltd ("TOB") and Infuso Sdn Bhd
Malaysian, Female, 43 years old

Date of Appointment to the current position:
- 1 July 2015

Qualification:
- Bachelor of Science in Food Technology, Universiti Putra Malaysia

Working experience:
- She started her career in CNI Venture Sdn Bhd in 2003. Subsequently, she joined Elken (M) Sdn Bhd as Product Manager. She joined EM in 2010 and has held various positions in EM, Q-Pack and TOB and responsible for overseeing the operation, production and product quality.

Other Information:
- She is a member of the Risk Management Committee

LIM HUI YEE
Vice President, Operations Portfolio of CNIE
Malaysian, Female, 50 years old

Date of Appointment to the current position:
- 15 July 2015

Qualification:
- Bachelor of Arts major in Economics, Universiti of Malaya

Working experience:
- She started her career as Customer Service Officer in 1990. Subsequently in 1994, she joined CNIE and has held various positions in CNIE and responsible for overseeing the human resource management, ICT, administration and purchasing, customer service and sales support, also the logistic and distributions.

Other Information:
- She is a member of the Risk Management Committee

Notes:
Save as disclosed, the above Key Senior Management have no directorship in public companies and CNI, have no family relationship with any Director and/or major shareholder of CNI, have no conflict of interest with the Company, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

SUSTAINABILITY STATEMENT

The Group believes in conducting business in a responsible and ethical way by ensuring the Group's products and services promote sustainable economic and social development, and contributing sustainably to communities, and the environment. In CNI, sustainability means managing its business responsibility for long-term success while creating enduring value for its distributors, employees, shareholders, community, and the environment. The Group is committed to nurture a customer-focused, socially responsible company that generates sustainable returns to its shareholders and other stakeholders over time.

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 compulsory on all employees is organised to promote camaraderie and share company updates. 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 is also an opportunity for staff to celebrate birthdays and festivals.

Employee Activities

Regular sports sessions, tournaments, recycling campaign and annual gathering 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 balanced 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 2016, we recognised 9 employees for 5-years of service, 5 employees for 10-years of service, 4 employees for 15-years of service, and 8 employees for 20-years service.

New Staff Orientation Programme

All new recruits are required to attend an 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 local and regional communities through various undertakings to aid those in need regardless of colour or creed. Yayasan CNI is also active in contributing to cultural and arts development, education and self-help initiatives, nature conservation activities, as well as health care and social awareness campaigns.

Special highlights for 2016 include:

- A public Health Camp in collaboration with Sin Chew Daily, and Sinchew.com.my as its media partner. 4 separate camps were held in May, August, October, and November 2016 at Malacca, Ipoh, and Johor Bahru respectively that were attended by more than 500 members and non-members.
- Jelajah Ramadhan was a maiden collaboration between Yayasan CNI, and Radio Televisyen Malaysia (RTM), organised from 7 to 25 June 2016 throughout Malaysia to commercialise the CNI brand while fulfilling the Group's social responsibility.

- Blood donation drive in collaboration with University Hospital, Petaling Jaya that had successfully attracted 149 blood donors.

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 2016, 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.
- DC & SP Workshop – a training programme for Distribution Centre, Sales Centre, and Sales Point operators and their assistants to polish their customer service skills, learn new operation and management system, receive updates on the Company's strategies and activities, and familiarise with new products.
- Online affiliate program – an online marketing training programme conducted by consultants to introduce the new Mobile Internet Business Model, expose distributors to the emerging mobile internet marketing opportunities, and provide a series of training for distributors to enhance their mobile internet marketing skills.

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

CORPORATE GOVERNANCE STATEMENT

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.

The Board Charter is available on the Company's website at www.cniholdings.com.my.

Code of Ethics and Conduct

The Board has in place Code of Ethics and Conduct for Directors, which are intended to:

a) codify a standard of conduct by which all Directors are expected to abide;
b) protect the business interests of the Company;
c) maintain the Company's reputation for integrity; and
d) 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 25 to 26 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 235(2) of the Companies Act 2016 ("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 three (3) Executive Directors and six (6) 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 16 to 20 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 2016 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 candidature of Directors, appointment of Directors to Board Committees, re-election of directors, review of board's succession plans and training programmes for the board.

The Nomination Committee 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 and recommended for the Board's approval the Policy on Nomination and Assessment Process of Board Members;
b) reviewed and recommended for the Board's approval the Board Skills Matrix Form;
c) reviewed the required mix of knowledge, skills, experience and core competencies, and appropriate size and composition of the Board;
d) assessed the effectiveness and performance of the Executive Directors;
e) assessed the independence and performance of Independent Directors;
f) reviewed and made recommendations to the Board on the re-election of Directors;
g) reviewed and recommended for the Board's approval the appointment of new directors of the Company's subsidiaries; and
h) 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 Independent Director performed self-evaluation to affirm their independence from management. The Independent Directors were also assessed by their other peers on their overall performance during the year under review in particular whether the Independent Directors had exercised independent and objective judgement when discharging their duties.

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 2016 are as follows:

Members	No. of Meetings Attended
Dato' Koh Peng Chor Chairman, Non-Executive Chairman	1/1
Chew Boon Swee Executive Director	1/1
Zulkifli Bin Mohamad Razali Senior Independent Non-Executive Director	1/1
Dr. Ch'ng Huck Khoon Independent Non-Executive Director	1/1
Lim Lean Eng Independent Non-Executive Director	1/1

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 Directors are paid an attendance allowance for each Board and Board Committees meeting that they attend for the financial year 2016. The Non-Executive Directors do not receive any performance related remuneration.

Details of the remuneration of the Directors of the Company during the financial year ended 31 December 2016 are as follows:

	Fees (RM)	Salary and other emoluments (RM)	Retirement benefits (RM)	Benefits-in-kind (RM)	Total (RM)
Remuneration Received from the Company					
Executive Directors	-	522,581	530,028	-	1,052,609
Non-Executive Directors	432,000	33,000	-	24,850	489,850
Company Total	432,000	555,581	530,028	24,850	1,542,459
Remuneration Received from the Subsidiary Companies					
Executive Directors	-	1,494,385	130,773	25,750	1,650,908
Non-Executive Directors	-	-	-	-	-
Group Total	432,000	2,049,966	660,801	50,600	3,193,367

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	-
RM500,001 to RM550,000	1	-
RM700,001 to RM750,000	1	-
RM1,050,001 to RM1,100,000	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 and Lim Lean Eng, who have served for 9 years remain objective and independent and have continued to actively participate and express their views during Board deliberations and decision making by the Board. In view thereof, the Board recommends and supports the resolutions for their re-appointment as Independent Non-Executive Directors of the Company which will be tabled for shareholders' approval at the forthcoming AGM of the Company.

There is 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 Executive 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 in advance prior to the commencement of a new financial year to enable the Directors to plan ahead. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. During the financial year ended 31 December 2016, 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	2/4
Chew Boon Swee Executive Director	4/4
Tan Sia Swee Non-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 2016 included the following:

Directors	List of Training, Conferences, Seminars Attended
Dato' Koh Peng Chor	i. Merit Points Management ii. Tras-Pacific Partnership Agreement iii. eCommerce Business Strategy & Trend Forum iv. Sunzi's The Art of War for Leadership Development v. Direct Sales in China
Cheong Chin Tai	i. Merit Points Management ii. Tras-Pacific Partnership Agreement iii. Sunzi's The Art of War for Leadership Development
Koh How Loon	i. Merit Points Management ii. Tras-Pacific Partnership Agreement iii. eCommerce Business Strategy & Trend Forum iv. YPO-WPO Technology Asia Pacific Summit, Singapore 2016 v. Sunzi's The Art of War for Leadership Development vi. Insight ASEAN Summit 2016
Chew Boon Swee	i. Merit Points Management ii. Sunzi's The Art of War for Leadership Development
Tan Sia Swee	i. Merit Points Management ii. Sunzi's The Art of War for Leadership Development iii. Direct Sales in China
Law Yang Ket	i. Merit Points Management ii. eCommerce Business Strategy & Trend Forum iii. Direct Sales in China
Zulkifli Bin Mohamad Razali	i. Tras-Pacific Partnership Agreement
Dr Ch'ng Huck Khoon	i. China's One Belt, One Road Initiative: The Rise of East Asia and Pacific ii. Sunzi's The Art of War for Leadership Development iii. 2017 Global Market Outlook and Investment Strategies
Lim Lean Eng	i. Corporate Strategy and Strategic Choices

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 2016, 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.

The Audit Committee had undertaken an annual assessment of the quality of audit which encompassed the performance of the external auditors and the quality of their communication with the Audit Committee and the Group. The Audit Committee was satisfied with the suitability of the external auditors based on the quality of services and sufficiency of resources they provided to the Group.

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 least 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 3 April 2017.

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 2016.

THE BOARD'S COMMITMENT

The Board is committed towards maintaining effective risk management practices and a sound system of internal controls in the Group to ensure good corporate governance. The board recognised that the systems must continuously evolve to support various businesses 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 Board 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 Board aims to manage business risks effectively and mitigate its risk exposures.

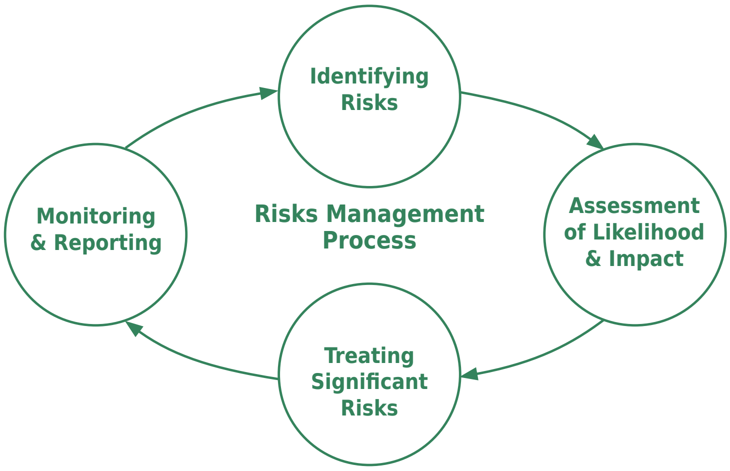
The Board has delegated the Risk Management Committee ("RMC") to review and ensure the Enterprise Risk Management framework is carried out within the Group. The RMC is chaired by the Executive Director of CNI Holdings Berhad and includes key representatives from all the Group's subsidiaries.

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 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 Risk Management Committee prioritises risk management strategies and coordinates with the risk owners of the respective business units 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. Management actions plans and status update would be discussed and reviewed by the RMC. The outcomes of the RMC meetings were documented and reported to Audit Committee and Board accordingly.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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 Head of Divisions/ Subsidiaries to review the business performance 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, CNI Values and Ethical Workplace Behavior 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.

12. The Group has introduced the Merit Point System effective November 2016 in order to promote good initiatives, cultivate good practices and to improve operations efficiency in the workplace.

Internal Audit Function

Pursuant to Paragraph 15.27 of Listing Requirement, the board has established an internal audit function which reports directly to 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 2016 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 3 April 2017.

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 2016 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 pertinent 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 for notation. The Audit Committee Chairman conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

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 outlining the audit scope, methodology and timetable, audit materiality, areas of focus and fraud risk assessment, prior to the commencement of the audit for the financial year 2016;
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. Received updates on the impact of the changes in accounting policies involving but not limited to the new financial reporting standards applicable to the Group, the imminent change to the auditor reporting standards which shall take effect for audits of financial statements for the periods ending or after 15 December 2016;
7. Reviewed and approved the annual internal audit plan proposed by the internal auditors;

8. 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;
9. 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;
10. Reviewed the related party transactions entered into by the Group to ensure compliance with the Listing Requirements of Bursa Securities;
11. Reviewed the effectiveness of the risk management framework and internal control system;
12. Reviewed the risk management updates from the Risk Management Committee meetings;
13. 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
14. Proposed to the Board for a more stringent management control over the Group's preparation, accountability and remedial actions of the annual budget.
15. Reviewed the independence, objectivity and effectiveness of the external auditors and the services provided including non-audit services.
16. Considered the re-appointment of external auditors for the ensuing year upon reviewing the suitability and independence of the external auditors.

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 approach 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 RM213,000.

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.
7. Prepare quarterly sales and distributorship summary by key subsidiaries for the Audit Committee review.
8. Prepare quarterly sales and profit performance and variance analysis by subsidiaries for the Audit Committee review.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 ("Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysia Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), the requirements of the Act 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 Act.

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

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 2016.

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	(4,537,366)	(1,018,989)
Attributable to:		
Owners of the Company	(4,519,220)	(1,018,989)
Non-controlling interests	(18,146)	-
	(4,537,366)	(1,018,989)

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 0.3 sen per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2015, paid on 13 April 2016	(2,139,639)

The dividend is accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2016.

The directors do not recommend payment of any final dividends in respect of the financial year ended 31 December 2016.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 allowance for doubtful debts, and satisfied themselves that all known bad debts have been written off and that adequate allowance 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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 99,000 of its issued ordinary shares from the open market at an average price of RM0.086 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM8,506.

As at 31 December 2016, the Company held 6,837,100 treasury shares out of its 720,000,000 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,682,702. Further details are disclosed in Note 26 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the 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 1.1.2016	Bought	Sold	At 31.12.2016
Direct Interests:					
Dato' Koh Peng Chor		2,490,240	2,538,440	-	5,028,680
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
Chew Boon Swee	***	-	6,534,120	-	6,534,120
Tan Sia Swee	***	32,618,690	-	-	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 1.1.2016	Bought	Sold	At 31.12.2016
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
Koh How Loon	**	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 SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 41 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.

DIRECTORS' REPORT (continued)

AUDITORS

The auditors, Messrs. Baker Tilly AC, are retiring and not seeking re-appointment.

The Company has received a letter dated 30 March 2017 from its major shareholders, Marvellous Heights Sdn. Bhd., nominating Messrs. Moore Stephens Associates PLT ("MSA") as the new auditors of the Company. The proposed nomination is subject to consent to act to be obtained from MSA and shareholders' approval to be obtained at the Annual General Meeting of the Company to be convened.

This report was approved and 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: 6 April 2017

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	88,121,327	93,261,015	3,269,264	4,219,134
Direct operating costs	6	(34,445,363)	(35,628,066)	(6,999)	(8,266)
Gross profit		53,675,964	57,632,949	3,262,265	4,210,868
Other income		4,700,807	4,370,308	916,505	741,809
Administrative costs		(21,154,773)	(21,849,894)	(3,790,572)	(3,330,537)
Distribution costs		(39,924,021)	(41,612,033)	-	-
Other expenses		(2,375,995)	(1,163,331)	(1,407,187)	(46,238)
		(63,454,789)	(64,625,258)	(5,197,759)	(3,376,775)
(Loss)/Profit from operations		(5,078,018)	(2,622,001)	(1,018,989)	1,575,902
Finance costs		(8,973)	(7,156)	-	-
Share of results of associates		(299,400)	(727,155)	-	-
(Loss)/Profit before tax	7	(5,386,391)	(3,356,312)	(1,018,989)	1,575,902
Tax credit/(expense)	9	849,025	(2,728,399)	-	(1,704,844)
Loss for the financial year		(4,537,366)	(6,084,711)	(1,018,989)	(128,942)
Other comprehensive income/ (loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(327,128)	(975,939)	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plan		473,245	223,365	(74,824)	121,487
Other comprehensive income/ (loss) for the financial year		146,117	(752,574)	(74,824)	121,487
Total comprehensive loss for the financial year		(4,391,249)	(6,837,285)	(1,093,813)	(7,455)

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Loss attributable to:					
Owners of the Company		(4,519,220)	(6,163,095)	(1,018,989)	(128,942)
Non-controlling interests		(18,146)	78,384	-	-
		(4,537,366)	(6,084,711)	(1,018,989)	(128,942)
Total comprehensive loss attributable to:					
Owners of the Company		(4,373,103)	(6,915,669)	(1,093,813)	(7,455)
Non-controlling interests		(18,146)	78,384	-	-
		(4,391,249)	(6,837,285)	(1,093,813)	(7,455)
Loss per share attributable to owners of the Company					
Basic and diluted (sen)	10	(0.63)	(0.86)		

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

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	34,978,064	35,891,152	315,669	361,547
Capital work-in-progress	12	1	1	-	-
Intangible assets	13	1,616,948	1,989,800	10,227	12,405
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 an associate	16	2,611,217	2,910,617	4,866,282	4,866,282
Investment in preference shares	17	3,500,000	3,500,000	-	-
Goodwill	18	-	200,000	-	-
Other investments	19	1	1,254,012	1	1,254,012
Deferred tax assets	20	2,167,876	1,595,533	995,796	995,796
Total non-current assets		46,274,107	48,741,115	87,509,349	88,811,416
Current assets					
Inventories	21	13,443,183	14,357,292	-	-
Trade receivables	22	11,035,745	13,091,515	-	-
Other receivables, deposits and prepayments	23	6,244,948	5,900,326	5,799,910	6,650,405
Tax assets		894,805	1,318,448	62,021	128,197
Other investments	19	13,155,330	13,167,031	7,576,649	6,648,897
Cash and cash equivalents	24	10,243,581	12,837,607	209,375	1,297,665
Total current assets		55,017,592	60,672,219	13,647,955	14,725,164
TOTAL ASSETS		101,291,699	109,413,334	101,157,304	103,536,580

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	25	72,000,000	72,000,000	72,000,000	72,000,000
Treasury shares	26	(1,682,702)	(1,674,196)	(1,682,702)	(1,674,196)
Retained earnings		7,609,335	13,794,949	26,010,267	28,927,939
Foreign exchange reserve	27	(1,655,063)	(1,327,935)	-	-
		76,271,570	82,792,818	96,327,565	99,253,743
Non-controlling interests		968,234	986,380	-	-
TOTAL EQUITY		77,239,804	83,779,198	96,327,565	99,253,743
Liabilities					
Non-current liabilities					
Finance lease liabilities	28	117,267	43,927	-	-
Deferred tax liabilities	20	1,355,062	1,763,997	-	-
Retirement benefits	29	7,010,814	6,823,258	4,329,920	4,040,848
Total non-current liabilities		8,483,143	8,631,182	4,329,920	4,040,848
Current liabilities					
Trade payables	30	4,362,361	3,391,539	-	-
Other payables, deposits and accruals	31	10,681,075	12,853,007	499,819	241,989
Provision for employee benefits	32	43,885	41,298	-	-
Finance lease liabilities	28	85,046	28,059	-	-
Tax payables		396,385	689,051	-	-
Total current liabilities		15,568,752	17,002,954	499,819	241,989
TOTAL LIABILITIES		24,051,895	25,634,136	4,829,739	4,282,837
TOTAL EQUITY AND LIABILITIES		101,291,699	109,413,334	101,157,304	103,536,580

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2016

		Attributable to owners of the Company						
		Non-distributable			Distributable			
			Foreign				Non-	
		Share	Exchange	Treasury	Retained		controlling	Total
	Note	Capital	Reserve	Shares	Earnings	Sub-total	Interests	Equity
Group		RM	RM	RM	RM	RM	RM	RM
At 1.1.2016		72,000,000	(1,327,935)	(1,674,196)	13,794,949	82,792,818	986,380	83,779,198
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	(4,519,220)	(4,519,220)	(18,146)	(4,537,366)
Other comprehensive (loss)/income for the financial year		-	(327,128)	-	473,245	146,117	-	146,117
Total comprehensive loss		-	(327,128)	-	(4,045,975)	(4,373,103)	(18,146)	(4,391,249)
Transactions with owners								
Share repurchased	26	-	-	(8,506)	-	(8,506)	-	(8,506)
Dividends paid on shares	33	-	-	-	(2,139,639)	(2,139,639)	-	(2,139,639)
Total transactions with owners		-	-	(8,506)	(2,139,639)	(2,148,145)	-	(2,148,145)
At 31.12.2016		72,000,000	(1,655,063)	(1,682,702)	7,609,335	76,271,570	968,234	77,239,804

		Attributable to owners of the Company						
		Non-distributable						
			Foreign		Distributable		Non-	
		Share	Exchange	Treasury	Retained		controlling	Total
	Note	Capital	Reserve	Shares	Earnings	Sub-total	Interests	Equity
Group		RM	RM	RM	RM	RM	RM	RM
At 1.1.2015		72,000,000	(351,996)	(1,662,595)	22,709,214	92,694,623	133,547	92,828,170
Total comprehensive (loss)/income 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	26	-	-	(11,601)	-	(11,601)	-	(11,601)
Reclassification		-	-	-	(834,449)	(834,449)	834,449	-
Dividends paid on shares	33	-	-	-	(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

Company	Note	Non-distributable Share Capital RM	Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
At 1.1.2016		72,000,000	(1,674,196)	28,927,939	99,253,743
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(1,018,989)	(1,018,989)
Other comprehensive income for the financial year		-	-	240,956	240,956
Total comprehensive loss		-	-	(778,033)	(778,033)
Transactions with owners					
Share repurchased	26	-	(8,506)	-	(8,506)
Dividends paid on shares	33	-	-	(2,139,639)	(2,139,639)
Total transactions with owners		-	(8,506)	(2,139,639)	(2,148,145)
At 31.12.2016		72,000,000	(1,682,702)	26,010,267	96,327,565

Company	Note	Non-distributable Share Capital RM	Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
At 1.1.2015		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	26	-	(11,601)	-	(11,601)
Dividends paid on shares	33	-	-	(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

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax		(5,386,391)	(3,356,312)	(1,018,989)	1,575,902
Adjustments for:					
Amortisation of intangible assets		525,256	648,928	3,277	3,231
Bad debts written off		242,775	5,991	-	-
Depreciation of property, plant and equipment		2,268,147	2,511,974	47,349	47,779
Dividend income		(840,000)	-	(1,600,000)	(2,540,000)
(Gain)/Loss on disposal of:					
- associate		-	(1)	-	17,775
- property, plant and equipment		24,363	1,782	-	-
Impairment loss on:					
- goodwill		200,000	2,707	-	-
- other investments		1,254,011	-	1,254,011	-
- other receivables		130,726	-	-	-
- property, plant and equipment		76,979	410,884	-	-
- trade receivables		201,253	314,838	-	-
Income distribution from short term funds		(473,633)	(421,991)	(270,779)	(243,790)
Intangible assets written off		154	51,295	-	-
Interest expense		8,973	7,156	-	-
Interest income		(198,456)	(191,054)	(182,721)	(188,403)
Inventories written off		572,160	351,960	-	-
Inventories written down		263,275	57,780	-	-
Net addition/(reversal) for employee benefits expense		2,587	(44,188)	-	-
Property, plant and equipment written off		481,212	161,252	2,465	3,713
Retirement benefits expense		660,801	316,324	530,028	186,848
Reversal of impairment loss on:					
- amount owing by a subsidiary		-	-	(454,555)	(160,573)
- trade receivables		(298,868)	(3,667)	-	-
- other receivables		(3,390)	-	-	-
- property, plant and equipment		(408,236)	-	-	-
Share of results of associates		299,400	727,155	-	-
Unrealised (gain)/loss on foreign exchange		(894,499)	(1,560,451)	52,077	(117,639)
Operating loss before working capital changes, carried down		(1,291,401)	(7,638)	(1,637,837)	(1,415,157)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Operating loss before working capital changes, brought down		(1,291,401)	(7,638)	(1,637,837)	(1,415,157)
Changes in working capital:					
Inventories		78,674	(145,964)	-	300
Receivables		2,036,581	(423,681)	(270,832)	42,074
Payables		(1,083,913)	768,903	262,190	(21,799)
Net cash flows (used in)/generated from operations		(260,059)	191,620	(1,646,479)	(1,394,582)
Dividends received		840,000	-	1,600,000	2,540,000
Interest paid		(8,973)	(7,156)	-	-
Interest received		198,456	191,054	182,721	188,403
Tax paid		(330,395)	(508,290)	-	(33,534)
Tax refund		339,645	475,127	66,176	125,289
Net cash flows from operating activities		778,674	342,355	202,418	1,425,576
Cash Flows from Investing Activities					
Acquisition of a subsidiary, net of cash acquired	15	-	9,639	-	-
Income distribution from short term funds		473,633	421,991	270,779	243,790
Investment in associates		-	(548,100)	-	(548,100)
Placement of time deposits		(23,105)	(2,513,910)	-	-
Proceeds from disposal of associate		-	1	-	225
Proceeds from disposal of intangible assets		1,331	722,428	481	-
Proceeds from disposal of property, plant and equipment		97,786	60,492	1,632	-
Purchase of intangible assets		(153,889)	(667,219)	(1,580)	(1,580)
Purchase of property, plant and equipment	11	(1,342,897)	(801,688)	(5,568)	(10,220)
Purchase of short-term investment		-	-	(927,752)	-
Withdrawal/(Placement) of short-term fund		11,701	6,611,440	-	791,502
Repayments from associates		-	153,701	-	153,701
Net cash flows (used in)/from investing activities		(935,440)	3,448,775	(662,008)	629,318

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash Flows from Financing Activities					
Repayments from/(Advances to) subsidiaries		-	-	1,519,445	(271,451)
Repayment of term loan		-	(3,768)	-	-
Purchase of treasury shares		(8,506)	(11,601)	(8,506)	(11,601)
Payment of finance lease liabilities		(61,130)	(14,598)	-	-
Dividends paid non-controlling interests		-	(60,000)	-	-
Dividends paid to ordinary shareholders		(2,139,639)	(2,140,086)	(2,139,639)	(2,140,086)
Net cash flows used in financing activities		(2,209,275)	(2,230,053)	(628,700)	(2,423,138)
Effect of exchange rate changes on cash and cash equivalents		(251,090)	(1,128,579)	-	-
Net (decrease)/increase in cash and cash equivalents		(2,617,131)	432,498	(1,088,290)	(368,244)
Cash and cash equivalents at the beginning of the financial year		10,323,697	9,891,199	1,297,665	1,665,909
Cash and cash equivalents at the end of the financial year	24	7,706,566	10,323,697	209,375	1,297,665

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 6 April 2017.

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 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

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.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of amendments/improvements to MFRSs (continued)

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 obligatoons 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.

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.

2. BASIS OF PREPARATION (continued)

2.2 Adoption of amendments/improvements to MFRSs (continued)

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.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int 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
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interest in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2018
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int 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, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") 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, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") 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

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 Financial Instruments: Disclosure, MFRS 119 Employee Benefits and MFRS 10 Consolidated Financial Statements because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:
(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2. BASIS OF PREPARATION (continued)

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

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.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(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).

3.3 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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations (continued)

(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 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 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 reserve is reclassified to profit or loss.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Borrowing costs (continued)

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.

3.7 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)

3.7 Income tax (continued)

(c) Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Subsequent measurement (continued)

(i) Financial assets (continued)

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.

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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Subsequent measurement (continued)

(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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(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.

3.9 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, plant and equipment (continued)

(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.

3.10 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Leases (continued)

(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.

3.12 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Intangible assets (continued)

(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).

3.13 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 itens: 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.

3.16 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

a) Impairment and uncollectibility of financial assets (continued)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

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

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

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.

3.18 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.21 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 38(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 38(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 29.

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Sale of goods	86,695,110	92,298,097	-	-
Sale of food and beverages	1,306,217	842,918	-	-
Management fees	-	-	1,549,264	1,559,134
Rental income from investment properties	120,000	120,000	120,000	120,000
Dividend income	-	-	1,600,000	2,540,000
	88,121,327	93,261,015	3,269,264	4,219,134

6. DIRECT OPERATING COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cost of goods sold	33,069,649	34,223,036	-	-
Cost of food and beverages sold	1,368,715	1,396,764	-	-
Operating expenses of income generating investment properties	6,999	8,266	6,999	8,266
	34,445,363	35,628,066	6,999	8,266

7. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amortisation of intangible assets	525,256	648,928	3,277	3,231
Auditors' remuneration:				
- auditors of the Company				
- statutory audits				
- current year	175,000	166,400	20,100	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	67,849	59,696	-	-

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

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Bad debts written off	242,775	5,991	-	-
Depreciation of property, plant and equipment	2,268,147	2,511,974	47,349	47,779
Dividend income	(840,000)	-	(1,600,000)	(2,540,000)
Employee benefits expense (Note 8)	23,961,343	24,093,277	2,410,912	2,253,421
(Gain)/Loss on disposal of:				
- associate	-	(1)	-	17,775
- property, plant and equipment	24,363	1,782	-	-
(Gain)/Loss on foreign exchange:				
- realised	(76,930)	(900,241)	17,658	573
- unrealised	(894,499)	(1,560,451)	52,077	(117,639)
Impairment loss on:				
- goodwill	200,000	2,707	-	-
- other investment	1,254,011	-	1,254,011	-
- other receivable	130,726	-	-	-
- property, plant and equipment	76,979	410,884	-	-
- trade receivables	201,253	314,838	-	-
Income distribution from short term fund	(473,633)	(421,991)	(270,779)	(243,790)
Intangible assets written off	154	51,295	-	-
Interest expense:				
- term loan	2,222	177	-	-
- finance lease payables	6,751	6,979	-	-
Interest income	(198,456)	(191,054)	(182,721)	(188,403)
Inventories written off	572,160	351,960	-	-
Inventories written down	263,275	57,780	-	-
Property, plant and equipment written off	481,212	161,252	2,465	3,713

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

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

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Rental income	(431,222)	(422,506)	-	-
Rental of premises	739,204	1,643,334	229,440	229,440
Rental of equipment	15,584	6,852	-	-
Net additional/(reversal) of provision for employee benefits (Note 32)	2,587	(44,188)	-	-
Retirement benefits expense (Note 29)	660,801	316,324	530,028	186,848
Reversal of impairment loss on:				
- amount owing by a subsidiary	-	-	(454,555)	(160,573)
- other receivables	(3,390)	-	-	-
- property, plant and equipment	(408,236)	-	-	-
- trade receivables	(298,868)	(3,667)	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Salaries and wages	17,610,727	17,666,156	785,560	960,502
Defined contribution plans	1,743,013	1,957,566	107,743	94,689
Directors' remuneration (Note (i))	4,605,016	4,513,743	1,517,609	1,198,230
Net addition/(reversal) of provision for employee benefits (Note 32)	2,587	(44,188)	-	-
	23,961,343	24,093,277	2,410,912	2,253,421

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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Executive Directors:				
- fees	187,950	123,931	-	-
- other emoluments	3,291,265	3,466,724	522,581	535,882
- bonus	-	131,264	-	-
- retirement benefits	660,801	316,324	530,028	186,848
Total executive directors' remuneration	4,140,016	4,038,243	1,052,609	722,730
Non-executive Directors:				
- fees	432,000	432,000	432,000	432,000
- other emoluments	33,000	43,500	33,000	43,500
Total non-executive directors' remuneration	465,000	475,500	465,000	475,500
Total directors' remuneration	4,605,016	4,513,743	1,517,609	1,198,230

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 RM49,000 (2015: RM50,750) and RM24,850 (2015: RM23,650) respectively.

9. TAX CREDIT/(EXPENSE)

The major components of tax credit/(expense) for the financial years ended 31 December 2016 and 31 December 2015 are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current income tax:				
Current income tax charge - Malaysia	295,408	440,573	-	-
(Over)/Under provision in prior financial year	(173,681)	198,279	-	210,968
	121,727	638,852	-	210,968
Deferred tax (Note 20):				
Origination and reversal of temporary differences	(10,530)	1,877,037	-	1,673,211
(Over)/Under provision in prior financial year	(960,222)	212,510	-	(179,335)
	(970,752)	2,089,547	-	1,493,876
Tax (credit)/expense	(849,025)	2,728,399	-	1,704,844

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

9. TAX CREDIT/(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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before tax	(5,386,391)	(3,356,312)	(1,018,989)	1,575,902
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	(1,292,734)	(839,078)	(244,557)	394,000
Different tax rates in other countries	36,931	30,123	-	-
Tax effects arising from:				
- non-deductible expenses	1,692,163	1,637,959	322,606	60,705
- double deduction expenses	(81,737)	(93,964)	-	-
- income not subject to tax	(803,801)	(976,460)	(448,987)	(723,551)
Deferred tax recognised at different tax rates	-	10,215	-	1,599
Deferred tax assets not recognised during the financial year	606,849	82,439	236,553	465,190
Deferred tax assets not recognised in previous financial year	1,273,475	2,466,376	(29,247)	1,246,394
Losses surrendered under group relief	-	-	163,632	228,874
(Over)/Under provision in prior financial years:				
- current tax	(173,681)	198,279	-	210,968
- deferred tax	(960,222)	212,510	-	(179,335)
Utilisation of deferred tax assets not recognised in prior financial year	(1,146,268)	-	-	-
Tax (credit)/expense	(849,025)	2,728,399	-	1,704,844

The Group has unutilised tax losses and unabsorbed capital allowances of RM22,300,467 (2015: RM23,534,962) and RM1,919,733 (2015: RM2,429,334) respectively, available to be carried forward to set-off against future taxable profits.

The Company has unutilised tax losses and unabsorbed capital allowances of RM7,643,040 (2015: RM7,131,600) and RM93,423 (2015: RM52,625) 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	
	2016	**2015**
	RM	**RM**
Basic loss per share:		
Loss attributable to owners of the Company	(4,519,220)	(6,163,095)
Weighted average number of ordinary shares for basic loss per share computation (adjusted for treasury shares)	713,203,698	713,335,872
Basic loss per share (sen)	(0.63)	(0.86)

(b) The diluted loss per ordinary share of the Group for the financial years ended 31 December 2016 and 31 December 2015 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 1.1.2016	4,621,097	34,470,129	23,777,947	4,165,662	18,951,185	85,986,020
Additions	-	-	542,715	191,458	800,181	1,534,354
Disposals	-	-	(52,000)	-	(168,422)	(220,422)
Written off	-	-	(2,470)	(336,470)	(801,740)	(1,140,680)
Translation adjustments	-	-	72,948	4,985	111,552	189,485
At 31.12.2016	4,621,097	34,470,129	24,339,140	4,025,635	18,892,756	86,348,757
Accumulated Depreciation						
At 1.1.2016	-	10,971,541	21,894,378	3,214,426	13,603,639	49,683,984
Charge for the financial year	-	691,068	395,367	212,165	969,547	2,268,147
Disposals	-	-	(51,998)	-	(46,275)	(98,273)
Written off	-	-	(1,356)	(335,327)	(322,785)	(659,468)
Translation adjustments	-	-	30,188	3,291	60,451	93,930
At 31.12.2016	-	11,662,609	22,266,579	3,094,555	14,264,577	51,288,320
Accumulated Impairment Loss						
At 1.1.2016	-	-	-	-	410,884	410,884
Impairment during the financial year	-	-	-	-	76,979	76,979
Translation adjustments	-	-	-	-	2,746	2,746
Reversal	-	-	-	-	(408,236)	(408,236)
At 31.12.2016	-	-	-	-	82,373	82,373
Net Carrying Amount						
At 31.12.2016	4,621,097	22,807,520	2,072,561	931,080	4,545,806	34,978,064

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 1.1.2015	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)

	Motor Vehicles RM	Office Equipment, Furniture & Fittings RM	Computer Hardware RM	Total RM
Company				
Cost				
At 1.1.2016	396,500	4,193	77,660	478,353
Additions	-	-	5,568	5,568
Disposal	-	-	(3,840)	(3,840)
Written off	-	-	(5,869)	(5,869)
At 31.12.2016	396,500	4,193	73,519	474,212
Accumulated Depreciation				
At 1.1.2016	65,359	1,944	49,503	116,806
Charge for the financial year	39,650	294	7,405	47,349
Disposal	-	-	(2,208)	(2,208)
Written off	-	-	(3,404)	(3,404)
At 31.12.2016	105,009	2,238	51,296	158,543
Net Carrying Amount				
At 31.12.2016	291,491	1,955	22,223	315,669
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

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 RM1,534,354 (2015: RM801,688) and RM5,568 (2015: RM10,220), which are satisfied by the following:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Finance lease liabilities	191,457	-	-	-
Cash payments	1,342,897	801,688	5,568	10,220
	1,534,354	801,688	5,568	10,220

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

	Group	
	2016	2015
	RM	RM
Office equipment	-	11,992
Motor vehicles	251,348	93,981
	251,348	105,973

12. CAPITAL WORK-IN-PROGRESS

	Group	
	2016	2015
	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.

13. INTANGIBLE ASSETS

	Computer Software RM	Trademark RM	Total RM
Group			
Cost			
At 1.1.2016	6,311,606	25,779	6,337,385
Additions	153,889	-	153,889
Disposal	(2,318)	-	(2,318)
Written off	(174,404)	-	(174,404)
At 31.12.2016	6,288,773	25,779	6,314,552
Accumulated Amortisation			
At 1.1.2016	4,347,585	-	4,347,585
Charge for the financial year	525,256	-	525,256
Disposal	(987)	-	(987)
Written off	(174,250)	-	(174,250)
At 31.12.2016	4,697,604	-	4,697,604
Net carrying amount			
At 31.12.2016	1,591,169	25,779	1,616,948
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

13. INTANGIBLE ASSETS (continued)

	Computer Software RM
Company	
Cost	
At 1.1.2016	33,852
Additions	1,580
Disposal	(1,088)
At 31.12.2016	34,344
Accumulated Amortisation	
At 1.1.2016	21,447
Charge for the financial year	3,277
Disposal	(607)
At 31.12.2016	24,117
Net carrying amount	
At 31.12.2016	10,227
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

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 2016 RM	Group/Company 2015 RM
At 1 January/31 December	1,400,000	1,400,000

(a) Included in the above are:

	Group/Company 2016 RM	Group/Company 2015 RM
Leasehold land and building:		
- unexpired lease period of more than 50 years	1,400,000	1,400,000

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

	Group/Company			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Leasehold land and building	-	1,400,000	-	1,400,000
2015				
Leasehold land and building	-	1,400,000	-	1,400,000

The valuation of investment properties as at 31 December 2016 and 31 December 2015 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 2016 and 31 December 2015.

15. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM	Company 2015 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

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
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%

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
Subsidiaries of CNI Enterprise (M) Sdn. Bhd. (continued)				
Creative Network International (Thailand) Co., Ltd. #*	Thailand	Sale and distribution of health care and consumer products in Thailand	49%	49%
GTI Eco Solutions Sdn. Bhd. (formerly known as CNI Petro Sdn. Bhd.)	Malaysia	Dormant	100%	100%
Subsidiaries of CNI Global (Malaysia) Sdn. Bhd.				
Creative Network International (Myanmar) Co., Ltd. @	Myanmar	Dormant	99%	99%
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%
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%

Audited by other independent member firm of Baker Tilly International.
@ Consolidated using management financial statements, auditors' report not available.
* 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.

15. INVESTMENT IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries in the previous financial year

(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 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)

(a) Acquisition of subsidiaries in previous financial year (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	-

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

	Lotus Supplies Sdn. Bhd. RM	**Sierra Edge Sdn. Bhd. RM**	**Top One Biotech Co., Ltd. RM**	**Total RM**
2016				
NCI percentage of ownership interest and voting interest	30%	40%	30%	
Carrying amount of NCI	500,864	271,245	196,125	968,234
Profit/(Loss) allocated to NCI	5,689	(1,240)	(22,595)	(18,146)
2015				
NCI percentage of ownership interest and voting interest	30%	40%	30%	
Carrying amount of NCI	495,175	272,485	218,720	986,380
Profit/(Loss) allocated to NCI	53,150	(1,780)	27,014	78,384

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
2016				
Assets and liabilities				
Non-current assets	69,953	332,346	1,796,080	2,198,379
Current assets	1,899,954	542,430	596,479	3,038,863
Non-current liabilities	(1,222)	(62,274)	-	(63,496)
Current liabilities	(299,140)	(134,391)	(1,301,940)	(1,735,471)
Net assets	1,669,545	678,111	1,090,619	3,438,275
Results				
Revenue	3,452,684	281,596	1,663,220	5,397,500
Profit/(Loss) for the financial year	18,964	(3,102)	(75,316)	(59,454)
Total comprehensive income	18,964	(3,102)	(75,316)	(59,454)
Cash flows from operating activities	(463,604)	21,977	132,239	(309,388)
Cash flows from investing activities	(5,498)	-	(108,029)	(113,527)
Cash flows from financing activities	228,322	-	(28,331)	199,991
Dividends paid to NCI	-	-	-	-
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)

16. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unquoted shares, at cost				
At 1 January	4,866,282	4,985,431	4,866,282	4,336,182
Additions	-	548,100	-	548,100
Disposals	-	(667,249)	-	(18,000)
At 31 December	4,866,282	4,866,282	4,866,282	4,866,282
Share of post-acquisition reserves				
At 1 January	(1,955,665)	(1,895,759)	-	-
Additions	(299,400)	(727,155)	-	-
Disposals	-	667,249	-	-
At 31 December	(2,255,065)	(1,955,665)	-	-
	2,611,217	2,910,617	4,866,282	4,866,282

(a) There is no quoted market price available for the associate as this is a private company.

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

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
CNI Corporation Sdn. Bhd. ^	Malaysia	Investment holding and provision of management service and commission agent	30%	30%

^ The audited financial statements and auditors' 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.

(c) The financial year end of the above associate is coterminous with those of the Group.

16. INVESTMENT IN AN ASSOCIATE (continued)

(d) The summarised financial information of the associate is as follows:

	CNI Corporation Sdn. Bhd. RM	Total RM
2016		
Assets and liabilities		
Current assets	13,774,018	13,774,018
Non-current assets	1,635,133	1,635,133
Current liabilities	(12,173,619)	(12,173,619)
Less: Accumulated impairment loss	-	-
Net assets	3,235,532	3,235,532
Results		
Revenue	15,212,580	15,212,580
Loss for the financial year representing total comprehensive loss for the financial year	(998,000)	(998,000)
2015		
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 loss for the financial year	(1,468,202)	(1,468,202)

16. INVESTMENT IN AN ASSOCIATE (continued)

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

	CNI Corporation Sdn. Bhd. RM	Tunas Citarasa Sdn. Bhd. RM	Total RM
2016			
Group's share of net assets	970,660	-	970,660
Goodwill	1,640,557	-	1,640,557
Carrying amount in the statement of financial position	2,611,217	-	2,611,217
Share of results of the Group for the financial year ended 31 December 2016	(299,400)	-	(299,400)
Adjustment for losses undertaken in previous financial year	(136,514)	-	(136,514)
	(435,914)	-	(435,914)
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)

17. INVESTMENT IN PREFERENCE SHARES

	Group	
	2016	2015
	RM	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 if 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 if 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.

During the financial year, the redemption of the preference shares as mentioned above are extended respectively for a period of 24 months to 23 April 2018 upon expiry of the existing redemption period of 24 months on 23 April 2016.

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	
	2016	**2015**
	RM	**RM**
Cost		
At 1 January	1,146,709	1,144,002
Addition	-	2,707
At 31 December	1,146,709	1,146,709
Accumulated impairment loss		
At 1 January	946,709	944,002
Charge for the financial year	200,000	2,707
At 31 December	1,146,709	946,709
Net carrying amount	-	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	
	2016	**2015**
	RM	**RM**
Software research and development	-	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.

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:

	2016	**2015**
	RM	**RM**
Key assumptions used in value-in-use calculations		
Growth rate	-	3%
Discount rate	-	18.6%

Growth rate - The growth rate is based on management assessment on the impact of the 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.

18. GOODWILL (continued)

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 of goodwill recognised

During the financial year, the Group recognised an impairment of goodwill of RM200,000 relating to a subsidiary which was loss-making as a result of poor performance.

In the previous financial year, the Group recognised an impairment of goodwill of RM2,707 relating to a subsidiary which was dormant.

19. OTHER INVESTMENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	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	(1,999,999)	(745,988)	(1,999,999)	(745,988)
	1	1,254,012	1	1,254,012
Current				
Held for trading investment:				
- short term fund (quoted)	13,155,330	13,167,031	7,576,649	6,648,897
Total investments	13,155,331	14,421,043	7,576,650	7,902,909
Market value of quoted investments	13,155,330	13,167,031	7,576,649	6,648,897

* 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.

20. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets/ (liabilities)				
At 1 January	(168,464)	1,893,278	995,796	2,489,672
Recognised in profit or loss (Note 9)	970,752	(2,089,547)	-	(1,493,876)
Exchange differences	10,526	27,805	-	-
At 31 December	812,814	(168,464)	995,796	995,796

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets	2,167,876	1,595,533	1,014,448	1,045,274
Deferred tax liabilities	(1,355,062)	(1,763,997)	(18,652)	(49,478)
	812,814	(168,464)	995,796	995,796

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

	Group	
	2016	2015
	RM	RM
Deferred tax assets		
Deductible temporary difference in respect of expense	247,269	52,267
Provision for obsolete inventories	18,194	2,746
Provision for employee benefits	72,020	11,308
Retirement benefits	1,718,906	1,766,889
Unabsorbed capital allowances	237,638	287,855
Unutilised tax losses	823,727	323,477
Unrealised profits on inventories	324,828	428,881
	3,442,582	2,873,423
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(2,490,201)	(2,637,272)
Effect of real property gain tax	(7,100)	(7,100)
Unrealised gain on foreign exchange	(132,467)	(397,515)
	(2,629,768)	(3,041,887)

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

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

	Company 2016 RM	Company 2015 RM
Deferred tax assets		
Retirement benefits	1,014,448	1,032,644
Unabsorbed capital allowances	-	12,630
	1,014,448	1,045,274
Deferred tax liabilities		
Unrealised gain on foreign exchange	-	(28,221)
Differences between the carrying amounts of property, plant and equipment and their tax bases	(11,552)	(14,157)
Effect of real property gain tax	(7,100)	(7,100)
	(18,652)	(49,478)

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 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Deductible temporary difference in respect of expense	1,371,428	-	380,775	-
Unabsorbed capital allowances	929,306	1,229,938	93,423	-
Unutilised tax losses	18,868,770	22,187,141	7,643,040	7,131,600
	21,169,504	23,417,079	8,117,238	7,131,600

21. INVENTORIES

	Group 2016 RM	Group 2015 RM
At cost		
Raw materials	5,279,279	4,507,536
Work-in-progress	46,638	83,942
Consumable tools	367,931	388,475
Packaging materials	1,906,783	1,833,912
Merchandised goods	4,758,032	6,053,595
Finished goods	960,245	1,257,648
Sales aid items	94,161	40,183
	13,413,069	14,165,291
At net realisable value		
Raw materials	7,689	13,368
Consumable tools	-	38,811
Packaging material	-	67,280
Merchandised goods	22,425	72,542
	13,443,183	14,357,292

During the financial year, inventories of the Group recognised as cost of sales amounted to RM20,922,595 (2015: RM22,684,585). In addition, the amounts recognised in the cost of sales include the following:

	Group 2016 RM	Group 2015 RM
Inventories written down	263,275	57,780
Inventories written off	572,160	351,960
	835,435	409,740

22. TRADE RECEIVABLES

	Group 2016 RM	Group 2015 RM
Third parties	7,773,794	7,919,213
Related parties	4,235,884	6,235,574
	12,009,678	14,154,787
Less: Accumulated impairment loss		
- Third parties	(950,603)	(819,452)
- Related parties	(23,330)	(243,820)
	(973,933)	(1,063,272)
Trade receivable, net	11,035,745	13,091,515

(a) Credit term of trade receivables

The Group's normal trade credit term extended to customers ranging from 30 to 120 days (2015: 30 to 120 days).

(b) Ageing analysis of trade receivables

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

	Group 2016 RM	Group 2015 RM
Neither past due nor impaired	5,539,717	7,700,010
1 to 30 days past due not impaired	1,122,528	1,735,737
31 to 60 days past due not impaired	753,264	829,614
61 to 90 days past due not impaired	503,938	502,922
More than 91 days past due not impaired	3,116,298	2,323,232
	5,496,028	5,391,505
Impaired		
- Individually	973,933	1,063,272
	12,009,678	14,154,787

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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
At 1 January	1,063,272	725,518	-	51,214
Charge for the financial year				
- Individual impairment loss	201,253	314,838	-	-
Written off	-	(51,214)	-	(51,214)
Reversal of impairment loss	(298,868)	(3,667)	-	-
Exchange difference	8,276	77,797	-	-
At 31 December	973,933	1,063,272	-	-

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	
	2016	**2015**
	RM	**RM**
Hong Kong Dollar	9,078	-
Singapore Dollar	598,453	-
Thailand Baht	1,100,974	-
United States Dollar	4,450,517	5,819,568

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Advance to suppliers		895,395	1,255,209	-	-
Amount owing by subsidiaries		-	-	9,317,652	12,892,313
Other receivables	(a)	3,608,215	2,727,223	22,742	13,514
Deposits		972,395	1,301,759	265,933	16,676
GST refundable		59,489	76,673	-	-
Prepayments		801,144	542,852	26,309	15,183
		6,336,638	5,903,716	9,632,636	12,937,686
Less: Accumulated impairment loss					
- Other receivables		(91,690)	(3,390)	-	-
- Amount owing by subsidiaries	(b)	-	-	(3,832,726)	(6,287,281)
		6,244,948	5,900,326	5,799,910	6,650,405

(a) Other receivables

Included in the other receivables of the Group are amounts owing by related companies amounting to RM1,003,349 (2015: RM788,354). These amounts are non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(b) Amount owing by subsidiaries

These amounts are non-trade in nature, unsecured, interest-free (except for amounts owing by subsidiaries of RM4,188,452 (2015: RM4,752,694) with interest bearing of 3.75%) and repayable upon demand in cash and cash equivalents.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	7,706,566	8,005,166	209,375	1,297,665
Cash deposits placed with licensed bank (Note (a))	-	2,318,531	-	-
Time deposit (Note (b))	2,537,015	2,513,910	-	-
Cash and cash equivalents as reported in the statements of financial position	10,243,581	12,837,607	209,375	1,297,665
Less: Time deposits (Note (b))	(2,537,015)	(2,513,910)	-	-
Cash and cash equivalents as reported in the statements of cash flows	7,706,566	10,323,697	209,375	1,297,665

(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	
	2016	**2015**
	RM	**RM**
Brunei Dollar	264,815	199,224
Chinese Renminbi	6,333	27,201
Euro	2,618	14,102
Hong Kong Dollar	-	3,075
Indian Rupee	-	373
Japanese Yen	2,600	-
Singapore Dollar	371,508	8,661
Taiwan Dollar	55,379	55,147
Thailand Baht	320,640	1,431
United States Dollar	1,762,526	2,033,619

25. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2016	2015	2016	2015
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.

26. 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 26 May 2016, 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 99,000 (2015: 150,000) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.086 (2015: RM0.077) per ordinary share.

As at 31 December 2016, the Company held 6,837,100 (2015: 6,738,100) treasury shares out of its 720,000,000 issued and paid-up ordinary shares, held at a carrying amount of RM1,682,702 (2015:RM1,674,196).

26. 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
2016					
March 2016	49,000	0.090	0.090	0.090	4,459
August 2016	50,000	0.080	0.080	0.080	4,047
	99,000				8,506
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

There was no resale, cancellation or distribution of treasury shares during the financial years ended 31 December 2016 and 31 December 2015.

27. FOREIGN EXCHANGE RESERVE

The foreign exchange 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.

28. FINANCE LEASE LIABILITIES

	Group 2016 RM	Group 2015 RM
Gross instalment payments	215,212	78,385
Less: Future finance charges	(12,899)	(6,399)
Total present value of finance lease liabilities	202,313	71,986
Payable within one year		
Gross instalment payments	93,454	32,281
Less: Future finance charges	(8,408)	(4,222)
Present value of finance lease liabilities	85,046	28,059
Payable more than 1 year but not more than 2 years		
Gross instalment payments	121,758	46,104
Less: Future finance charges	(4,491)	(2,177)
Present value of finance lease liabilities	117,267	43,927
Total present value of finance lease liabilities	202,313	71,986

The finance lease liabilities of the Group bear interest at rates ranging from 2.70% to 10.80% (2015:5.12% to 14.80%) per annum.

29. RETIREMENT BENEFITS

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 January	6,823,258	6,730,299	4,040,848	3,975,487
Retirement benefits expense (Note 7)				
Current service costs and interest	320,693	316,324	530,028	186,848
Settlement	340,108	-	-	-
	660,801	316,324	530,028	186,848
Remeasurement gain of the net defined benefit liability				
- experience	(343,653)	(223,365)	(240,956)	(121,487)
- financial assumptions	(129,592)	-	-	-
At 31 December	7,010,814	6,823,258	4,329,920	4,040,848

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

	Group/Company	
	2016 RM	2015 RM
Discount rate	4.70%	4.70%
Inflation rate	2.00%	3.00%
Salary increase rate	2.00%	3.00%

29. 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 RM	Decrease RM
2016			
Group			
Discount rate	1.0%	120,196	(114,585)
Inflation rate	1.0%	129,591	(125,617)
Salary increase	1.0%	129,591	(125,617)
Company			
Discount rate	1.0%	9,607	(9,448)
Inflation rate	1.0%	-	-
Salary increase	1.0%	-	-
2015			
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)

30. TRADE PAYABLES

The normal trade credit term granted by the trade creditors to the Group ranging from 30 to 90 days (2015: 30 to 90 days).

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

	Group	
	2016 RM	2015 RM
Taiwan Dollar	1,087,757	-
Singapore Dollar	966,862	-
Thailand Baht	-	11,215
United States Dollar	658,112	939,060

31. OTHER PAYABLES, DEPOSITS AND ACCRUALS

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Accruals		7,004,702	7,508,249	102,100	118,609
Advances from customers		1,078,676	1,796,355	-	-
Deposits		1,493,531	1,807,835	35,000	35,000
GST payable		151,622	179,442	537	-
Other payables	(a)	952,544	1,561,126	362,182	85,241
Amount owing to subsidiaries	(b)	-	-	-	3,139
		10,681,075	12,853,007	499,819	241,989

(a) Other payables

Included in other payables of the Group are amounts owing to related parties amounting to RM59,982 (2015: RM117,582). These amounts are non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(b) Amount owing to subsidiaries

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

32. PROVISION FOR EMPLOYEE BENEFITS

	Group	
	2016	**2015**
	RM	**RM**
At 1 January	41,298	85,486
Additions	60,318	47,117
Reversal	(57,731)	(91,305)
Net addition/(reversal) of employee benefits (Note 7)	2,587	(44,188)
At 31 December	43,885	41,298

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.

33. DIVIDENDS

	Group/Company	
	2016	**2015**
	RM	**RM**
Recognised during the financial year		
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
Single tier interim dividend of RM0.003 per share on 713,212,900 ordinary shares of RM0.10 each in respect of the financial year ended 31 December 2015	2,139,639	-

The directors do not recommend payment of any final dividends in respect of the financial year ended 31 December 2016.

34. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2016 RM	2015 RM
In respect of capital expenditure approved and contracted for:		
- Purchase of property, plant and equipment	12,413	23,320
- Acquisition of other intangible assets	97,266	46,131
	109,679	69,451
In respect of capital expenditure approved and not contracted for:		
- Purchase of property, plant and equipment	1,521,670	1,743,920

35. 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.

35. RELATED PARTIES TRANSACTIONS (continued)

(b) Significant related party transactions

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

	Group	
	2016	**2015**
	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	392,690	333,332
- Rental charge	-	91,200
- Rental income	(303,648)	(134,400)
- Research and development expenditure	232,098	364,229
- Sales	-	(698,498)
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	281,657	229,555
- Sales	(4,829,918)	(4,531,251)
Transaction with a corporate shareholder of a subsidiary is as follows:		
- Royalty income	281,596	375,335
Transactions with directors are as follows:		
- Consultancy services	90,000	99,000
Transaction with a director of subsidiary is follow:		
- Consultancy services	190,827	180,084

35. 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)

	Company	
	2016	2015
	RM	RM
Transactions with subsidiaries are as follows:		
- Dividend income (gross) received and receivable	(1,600,000)	(2,540,000)
- Information communication technologies shared charges paid and payable	42,668	51,725
- Management fee income received and receivable	(1,549,263)	(1,559,134)
- Purchase of products and food	158,616	45,023
- Rental of premises paid and payable	229,440	229,440
Transactions with associate is as follows:		
- Interest income received and receivable	(157,302)	(170,859)
Transactions with directors are as follows:		
- Consultancy services	90,000	99,000
Transactions with a director of a subsidiary is as follow:		
- Consultancy services	190,827	180,084

(c) Compensation of key management personnel

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short term employee benefits	3,592,411	3,822,834	931,637	953,962
Post-employment benefits	1,012,605	690,909	585,972	244,268
	4,605,016	4,513,743	1,517,609	1,198,230

36. 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	
	2016 RM	2015 RM
Not later than one year	1,068,763	1,371,525
Later than one year but not later than five years	317,800	482,132
	1,386,563	1,853,657

37. 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 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.

37. SEGMENT INFORMATION (continued)

	Note	Manufacturing RM	Marketing & Trading RM	Others RM	Adjustments & Eliminations RM	Consolidated RM
2016						
Revenue						
External revenue		14,317,633	72,909,851	893,843	-	88,121,327
Inter-segment revenue	a	20,387,777	2,678,427	3,681,638	(26,747,842)	-
Total revenue		34,705,410	75,588,278	4,575,481	(26,747,842)	88,121,327
Results						
Income distribution from short term funds		60,188	142,666	270,779	-	4 73,633
Interest income		45,137	342,087	184,264	(373,032)	198,456
Dividend income		-	-	2,440,000	(1,600,000)	840,000
Depreciation and amortisation		(821,145)	(1,992,451)	(169,005)	189,198	(2,793,403)
Share of results of associates		-	-	(299,400)	-	(299,400)
Other non-cash income/(expense)	b	181,844	(972,616)	(1,381,945)	(332,586)	(2,505,303)
Segment profit/(loss) before tax	c	1,487,328	(5,204,063)	(655,862)	(1,013,794)	(5,386,391)
Segment Assets						
Investment in associates		-	-	4,866,282	(2,255,065)	2,611,217
Additions to non-current assets	d	724,535	952,010	11,698	-	1,688,243
Segment assets	e	39,377,534	69,313,413	105,552,505	(112,951,753)	101,291,699
Segment liabilities	f	10,413,637	44,071,660	14,718,004	(45,151,406)	24,051,895

37. SEGMENT INFORMATION (continued)

	Note	Manufacturing RM	Marketing & Trading RM	Others RM	Adjustments & Eliminations RM	Consolidated 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	-	421,991
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) before tax	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	83,413,949	108,362,282	(121,313,663)	109,413,334
Segment liabilities	f	11,086,787	42,954,907	14,964,730	(43,372,288)	25,634,136

37. 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:

	2016 RM	2015 RM
Bad debts written off	242,775	5,991
(Gain)/Loss on disposal of:		
- associate	-	(1)
- property, plant and equipment	24,363	1,782
Impairment loss on:		
- goodwill	200,000	2,707
- other investment	1,254,011	-
- other receivable	130,726	-
- property, plant and equipment	76,979	410,884
- trade receivables	201,253	314,838
Intangible assets written off	154	51,295
Inventories written off	572,160	351,960
Inventories written down	263,275	57,780
Net addition/(reversal) of provision for employee benefits	2,587	(44,188)
Property, plant and equipment written off	481,212	161,252
Retirement benefits expense	660,801	316,324
Reversal of impairment loss on trade receivables	(298,868)	(3,667)
Reversal of impairment loss on other receivables	(3,390)	-
Reversal of impairment loss on disposal of PPE	(408,236)	-
Unrealised gain on foreign exchange	(894,499)	(1,560,451)
	2,505,303	66,506

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

	2016 RM	2015 RM
Share of results of associates	(299,400)	(727,155)
Profit from inter-segment sales	(2,970,520)	(3,973,257)
Finance costs	-	381,304
Unallocated corporate expenses	5,593,516	5,002,584
Other income	(3,337,390)	(4,053,679)
	(1,013,794)	(3,370,203)

37. SEGMENT INFORMATION (continued)

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

	2016 RM	2015 RM
Property, plant and equipment	1,534,354	801,688
Other intangible assets	153,889	667,219
	1,688,243	1,468,907

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

	2016 RM	2015 RM
Deferred tax assets	324,827	430,010
Inter-segment assets	(113,276,580)	(121,743,673)
	(112,951,753)	(121,313,663)

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

	2016 RM	2015 RM
Inter-segment liabilities	(45,151,406)	(43,372,288)

37. SEGMENT INFORMATION (continued)

(g) Geographical Information

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

	2016 RM	2015 RM
Australia	-	19,412
Brunei	4,184,713	4,309,224
Canada	-	231,268
China	1,876,906	1,566,015
Hong Kong	551,128	1,206,148
Indonesia	1,261,313	2,503,271
Malaysia	64,109,712	67,106,828
Myanmar	753,463	2,497,808
Singapore	3,344,009	3,490,528
Sri Lanka	498,825	-
Taiwan	952,257	-
Thailand	10,544,657	8,959,838
United States of America	42,594	1,299,995
Vietnam	1,750	-
Others	-	70,680
	88,121,327	93,261,015

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
2016					
Property, plant and equipment	32,907,009	54,375	1,561,242	455,438	34,978,064
Capital work-in-progress	1	-	-	-	1
Investment properties	1,400,000	-	-	-	1,400,000
Investment in associates	2,611,217	-	-	-	2,611,217
Intangible assets	1,562,363	-	54,585	-	1,616,948
Total non-current assets (excluding financial instruments and deferred tax assets)	38,480,590	54,375	1,615,827	455,438	40,606,230

37. 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
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

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial Assets				
Loans and receivables				
- Receivables, net of prepayments and GST refundable	16,420,060	18,372,316	288,675	30,190
- Amount owing by subsidiaries	-	-	5,484,926	6,605,032
- Cash and cash equivalents	10,243,581	12,837,607	209,375	1,297,665
	26,663,641	31,209,923	5,982,976	7,932,887

38. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Available-for-sale				
- Equity instrument	1	1,254,012	1	1,254,012
Held for trading				
- Short term fund	13,155,330	13,167,031	7,576,649	6,648,897
Financial Liabilities				
Other financial liabilities				
- Amount owing to subsidiaries	-	-	-	3,139
- Payables, net of GST payable	14,891,814	16,065,104	499,282	241,989
- Finance lease liabilities	202,313	71,986	-	-
	15,094,127	16,137,090	499,282	245,128

(b) Fair value measurement

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

The fair value of finance lease liabilities is estimated using discounted cash flow analysis, based on current lending rate for similar type of lease arrangement.

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 December 2016 and 31 December 2015.

38. 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
2016										
Financial assets										
Available-for-sale										
- equity instruments	-	-	-	-	-	-	1	1	1	1
Held for trading										
- short term fund	13,155,330	-	-	13,155,330	-	-	-	-	13,155,330	13,155,330
Financial liabilities										
Other financial liabilities										
- finance lease payable	-	-	-	-	-	-	202,209	202,209	202,209	202,313

38. 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**
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

38. 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 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Company										
2016										
Financial assets										
Available-for-sale										
- equity instruments	-	-	-	-	-	-	1	1	1	1
Held for trading										
- short term fund	7,576,649	-	-	7,576,649	-	-	-	-	7,576,649	7,576,649
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

39. 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 short-term funds 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 trade receivables that are past due but not impaired is disclosed in Note 22.

Financial assets that are impaired

Information regarding trade receivables that are impaired is disclosed in Note 22.

39. 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**
2016					
Financial liabilities:					
Payables	15,043,436	15,043,436	15,043,436	-	-
Finance lease liabilities	202,313	215,212	93,454	121,758	-
	15,245,749	15,258,648	15,136,890	121,758	-
2015					
Financial liabilities:					
Trade payables	16,244,546	16,244,546	16,244,546	-	-
Finance lease liabilities	71,986	78,385	32,281	46,104	-
	16,316,532	16,322,931	16,276,827	46,104	-
Company					
2016					
Financial liability:					
Payables	499,819	499,819	499,819	-	-
2015					
Financial liability:					
Amount owing to subsidiaries	3,139	3,139	3,139	-	-
Payables	238,850	238,850	238,850	-	-
	241,989	241,989	241,989	-	-

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

<u>Sensitivity analysis for interest rate risk</u>

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

(d) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currency of the Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly in Singapore Dollar ("SGD"), United States Dollar ("USD"), Thailand Baht ("THB"), Brunei Dollar ("BND") and Taiwan Dollar ("TWD").

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, THB, BND and TWD) amounted to RM2,774,868 (2015: RM2,298,082).

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign Currency Risk (continued)

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

	Change in rate	Effect on loss for the financial year RM
31 December 2016		
- SGD	+ 7%	160
	- 7%	(160)
- USD	+ 7%	291,630
	- 7%	(291,630)
- THB	+ 7%	74,630
	- 7%	(74,630)
- BND	+ 7%	13,900
	- 7%	(13,900)
- TWD	+ 7%	(54,200)
	- 7%	54,200
31 December 2015		
- SGD	+ 7%	450
	- 7%	(450)
- USD	+ 7%	362,990
	- 7%	(362,990)
- THB	+ 7%	(510)
	- 7%	510
- BND	+ 7%	10,460
	- 7%	(10,460)
- TWD	+ 7%	2,900
	- 7%	(2,900)

39. 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.

40. 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 31December 2016 and 31 December 2015.

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:

	2016 RM	2015 RM
Total debt	202,313	71,986
Total equity	77,239,804	83,779,198
Debt to equity	0.26%	0.09%

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.

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

Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

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 2016 and 31 December 2015 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**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	36,468,028	50,506,947	24,962,394	26,414,554
- unrealised	3,107,313	2,791,987	1,047,873	2,513,385
Total share of accumulated losses from associates:				
- realised	(2,922,314)	(2,622,914)	-	-
Consolidation adjustments	(29,043,692)	(36,881,071)	-	-
Total retained earnings	7,609,335	13,794,949	26,010,267	28,927,939

STATEMENT BY DIRECTORS

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 CNI HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 49 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 2016 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: 6 April 2017

STATUTORY DECLARATION

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

I, **CHIN PEI LING**, 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 49 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.

....
CHIN PEI LING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 6 April 2017.

Before me,

....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the financial statements of CNI Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, 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.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment in an associate (Note 16 to the financial statements)

The Group determined whether there is any indication of impairment in interest in an associate. An asset is impaired when its carrying amount exceeds its recoverable amount. There is a risk in estimating the expected recoverable amount.

Our response:
Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions such as discount rates, forecast growth rates and gross profit margins;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

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

Key Audit Matters (continued)

Deferred tax assets (Note 20 to the financial statements)

As at 31 December 2016, the Group recognised deferred tax assets for unused tax losses and deductible temporary differences that it believes are recoverable. The recoverability of recognised deferred tax assets is dependent on the Group's ability to generate future taxable profits sufficient to be utilised against the unused tax losses and the deductible temporary differences.

We focused on this area because the realisation of these deferred tax assets is often dependent on future taxable profits and there are inherent uncertainties involved in projecting the amount.

Our response:
Our audit procedures focused on evaluating the profit projections and the Group's projection procedures which included, among others:

- comparing the actual results with previous projections to assess the performance of the business and historical accuracy of the projections;
- verifying the consistency of projections used in the recoverability test for deferred tax assets with those used for impairment assessment;
- reviewing the profit projections by comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as growth rate, inflation rate and profit margins;
- testing the mathematical accuracy of the profit projection calculation; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the future taxable profits.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 than the subsidiary without the auditors' report as disclosed in Note 15 to the financial statements, we have considered the accounts and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being accounts that have been included in the consolidated accounts.

(c) We are satisfied that the accounts 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 accounts of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

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

Other Reporting Responsibilities

The supplementary information set out on page 107 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
No. AF 001826
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2018 J
Chartered Accountant

Kuala Lumpur

6 April 2017

LIST OF PROPERTIES

The properties held by the Group and the Company as at 31 December 2016 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 31.12.16 (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 / 197,421	Freehold	20	27,429	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)	10	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 Raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2016.

2. Audit and Non-audit Fees

The amount of audit and non-audit fees paid or payable by the Company and the Group to the external auditors or a firm or corporation affiliated to the auditors' firm for the financial year ended 31 December 2016 are as follows:

	Company (RM)	Group (RM)
Audit fees	20,100	254,059
Non-audit fees	12,000	12,000

3. Material Contracts

Save as those described in Note 35 to the Audited Financial Statements on pages 129 to 131 of this Annual Report, there were no material contracts entered into by the Company and its subsidiaries involving the interests of directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

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

At the Annual General Meeting held on 26 May 2016, 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 2016 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	392,690	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

Transacting Party	company within CNI Group	Interested Related Parties	Amount transacted during the financial year RM	Nature of transactions
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	232,098	Provision of research, development and testing services to EM
Fortune Venture Inc.	CNIE	Dato' Koh Peng Chor Koh How Loon	356,886	Purchase of health care and consumer products from CNIE
	EM	Gan Chooi Yang	3,665,946	Purchase of health care products and beverages from EM
	Q-Pack (M) Sdn Bhd ("Q-Pack")		645,205	Purchase of household and personal care products from Q-Pack
	CNI Global (Malaysia) Sdn Bhd ("CNIG")		161,881	Purchase of health care and consumer products from CNIG
Qingdao Mark Foods Co., Ltd	EM	Gan Chooi Yang	201,054	Purchase of beverages from EM
	EM		177,346	Supply of royal jelly powder and honey to EM
CNI IPHC	CNIE	Dato' Koh Peng Chor Tan Sia Swee Gan Chooi Yang	281,657	Payment of trademark fee by CNIE
Sepang Goldcoast Sdn Bhd	CNIE	Dato' Koh Peng Chor Gan Chooi Yang	303,648	Rental of office located at No. 2 Jalan U1/17 Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor
CIS Solutions Sdn Bhd	Sierra Edge Sdn Bhd ("SESB")	Eng Kin Hoong	281,596	Payment of royalty fee to SESB
Law Yang Ket	CNI Holdings Berhad ("CNI")	Law Yang Ket	90,000	Provision of sales development and marketing advisory to CNI
Koh Teng Kiat	CNI	Koh Teng Kiat	190,827	Provision of corporate finance and treasury services to CNI

ANALYSIS OF SHAREHOLDINGS

As At 30 March 2017

Total Number of Issued Shares	:	720,000,000
Issued Share Capital	:	RM72,000,000.00
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders				No. of Issued Shares			
	Malaysian		Foreigner		Malaysian		Foreigner	
Size of shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100	295	3.24	5	0.05	9,380	(1)	190	(1)
100 - 1,000	3,446	37.88	267	2.94	1,834,391	0.26	160,140	0.02
1,001 – 10,000	3,420	37.59	102	1.12	10,309,254	1.45	249,960	0.04
10,001 – 100,000	1,220	13.41	9	0.10	46,397,315	6.51	347,200	0.05
100,001 – 35,660,644 (*)	323	3.55	10	0.11	265,830,789	37.28	24,378,158	3.42
35,668,095 and above (**)	1	0.01	-	-	363,526,123	50.98	-	-
Total	**8,705**	**95.68**	**393**	**4.32**	**687,907,252**	**96.47**(2)	**25,135,648**	**3.53**(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 6,957,100 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 30 March 2017

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

	Direct Interests		Deemed Interests	
Name of Directors	**No. of Issued Shares**	**% of Issued Shares**(5)	**No. of Issued Shares**	**% of Issued Shares**(5)
Dato' Koh Peng Chor	5,028,680	0.71	372,483,483(1)	52.24
Cheong Chin Tai	660,000	0.09	-	-
Koh How Loon	1,679,180	0.24	369,171,643(2)	51.77
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	6,534,120(3)	0.92
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 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his spouse and children.
(2) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd.
(3) Disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his spouse or parent.
(4) Less than 0.01%
(5) Excluding a total of 6,957,100 CNI shares bought-back by CNI and retained as treasury shares as at 30 March 2017.

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Deemed Interests	
Name of Directors	No. of Issued Shares	% of Issued Shares[5]	No. of Issued Shares	% of Issue Shares[5]
Marvellous Heights Sdn Bhd	363,526,123	50.98	-	-
PC Marketing Sdn Bhd	5,645,520	0.79	363,526,123[1]	50.98
Dato' Koh Peng Chor	5,028,680	0.71	372,483,483[2]	52.24
Datin Chuah Tek Lan	1,167,200	0.16	376,344,963[2]	52.78
Koh How Loon	1,679,180	0.24	369,171,643[3]	51.77

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of its shareholdings in Marvellous Heights Sdn Bhd.

(2) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his/her shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd and disclosure made pursuant to Section 59(11)(c) of the Companies Act, 2016 on the interests held by his/her spouse and children.

(3) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Marvellous Heights Sdn Bhd and PC Marketing Sdn Bhd.

(4) Excluding a total of 6,957,100 CNI shares bought-back by CNI and retained as treasury shares as at 30 March 2017.

ANALYSIS OF SHAREHOLDINGS

As At 30 March 2017

TOP THIRTY SECURITIES ACCOUNT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name		No. of Issued Shares	% of Issued Shares[(1)]
1	Marvellous Heights Sdn Bhd	363,526,123	50.98
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.	Moy Mee Leng	6,334,120	0.89
11.	Stephanus Abrian Natan	6,175,555	0.87
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Beh Hang Kong	5,858,912	0.82
13.	Ong Teck Seng	5,717,000	0.80
14.	Chong Yee Min	5,521,400	0.77
15.	Wong Siew Keow	5,404,060	0.76
16.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd	5,260,920	0.74
17.	Heng Hoay Liang @ Heng Hoye Ee	5,250,000	0.74
18.	Tan Chong Liang @ Than Chong Kim	5,201,100	0.73
19.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor	5,028,680	0.71
20.	Tan Yuan Fang	4,715,710	0.66
21.	Law Yang Ket	4,691,898	0.66
22.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd	3,557,000	0.50
23.	Suharman Subianto	3,102,532	0.44
24.	Addeen Trading Sdn Bhd	3,016,600	0.42
25.	Yow Siew Lian	3,000,000	0.42
26.	Koay Ting Hoo	2,630,000	0.37
27.	Subramaniam A/L Karuppiah	2,600,000	0.36
28.	Cheong Chee Kee	2,463,666	0.35
29.	Koh Tiah Siew	2,295,857	0.32
30.	Lee Soon Fah	1,800,000	0.25
	Total	556,584,402	78.06

Note:
(1) Excluding a total of 6,957,100 CNI shares bought-back by CNI and retained as treasury shares as at 30 March 2017.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of CNI Holdings Berhad ("CNI" or "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, 25 May 2017 at 10.30 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 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 being eligible offer themselves for re-election:

   a) Mr. Tan Sia Swee **Resolution 1**

   b) Mr. Chew Boon Swee **Resolution 2**

   c) Mr. Lim Lean Eng **Resolution 3**

3. To approve the payment of Directors' fees of RM432,000 for the financial year ended 31 December 2016. **Resolution 4**

4. To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM90,000 from 1 January 2017 until the next Annual General Meeting of the Company. **Resolution 5**

5. To appoint Messrs Moore Stephens Associates PLT as Auditors of the Company in place of the retiring auditors, Messrs Baker Tilly AC and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:

6. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Resolution 7**

   "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."

7. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Resolution 8**

   "THAT subject to the passing of Ordinary Resolution 3, authority be and is hereby given to Mr. Lim Lean Eng 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."

8. **AUTHORITY TO ISSUE SHARES** **Resolution 9**

"THAT, subject always to the Companies Act, 2016, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Section 75 and Section 76 of the Companies Act, 2016, 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 10% of the total number of issued shares 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."

9. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Resolution 10**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or 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 28 April 2017, 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 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 Shareholders' Mandate."

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

Resolution 11

"THAT, subject always to the Companies Act, 2016, 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 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 10% of the total number of issued shares of the Company as quoted on Bursa Securities as atthe point of purchase(s);
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 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."

11. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

CHIN YOKE KWAI (MAICSA 7032000)
Company Secretary

Shah Alam
28 April 2017

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 19 May 2017 ("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 up to two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

3. *A proxy may but does not need not be a member of the Company and if not a member he need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*

4. *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.*

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 (1) 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 NOTES ON ORDINARY AND SPECIAL BUSINESS

1. *Item 1 of the Agenda*

   This Agenda item is meant for discussion only, as the provisions of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence this Agenda item is not put forward for voting.

2. *Ordinary Resolution 5 – Directors' benefits payable*

   The proposed Directors' benefits payable (excluding Directors' fees) comprises allowance and other benefits.

   The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings for the current financial year ending 31 December 2017 until the next Annual General Meeting and other benefits. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

3. *Ordinary Resolution 6 – Change of Auditors*

   The existing auditors, Messrs Baker Tilly AC ("BTAC") have been the auditors of the Company since June 2008. BTAC were re-appointed as the auditors of the Company at 27th AGM of the Company held on 26 May 2016 to hold office until the conclusion of the 28th AGM of the Company. BTAC have indicated their intention to retire and they are not seeking re-appointment as auditors of the Company.

   The Company had on 30 March 2017 received a Notice of Nomination from Marvellous Heights Sdn Bhd, a major shareholder of the Company, nominating Messrs Moore Stephens Associates PLT ("MSA") as the new auditors of the Company in place of BTAC, a copy of which is annexed and marked as 'Appendix A' in the Annual Report 2016. The proposed change will help optimizing the business resources and cost of the Company.

   The proposed appointment of MSA is subject to the receipt of their consent to act as auditors and if approved, they shall hold office until conclusion of the next AGM of the Company.

4. *Ordinary Resolution 7 - 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 32 of the Corporate Governance Statement in the Annual Report 2016.

5. *Ordinary Resolution 8 - Retention of Independent Non-Executive Director*

   The proposed resolution, if passed, will allow Mr. Lim Lean Eng 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 32 of the Corporate Governance Statement in the Annual Report 2016.

6. *Ordinary Resolution 9 – 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 expire at the conclusion of the next Annual General Meeting of the Company.

7. *Ordinary Resolution 10 – Proposed Shareholders' 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 28 April 2017 for further information.

8. *Ordinary Resolution 11 – 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 number of issued shares of the Company by utilising the funds allocated which shall not exceed the aggregate of the retained profits of the Company.

   Based on the Audited Financial Statements of the Company as at 31 December 2016, the Company's retained profits amounted to RM26,010,267.

   Please refer to the Share Buy-Back Statement dated 28 April 2017 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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-Eighth Annual General Meeting of the Company.

APPENDIX A

MARVELLOUS HEIGHTS SDN. BHD. 670788-A
No. 2 Jalan U1/17 Seksyen U1 Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor.
Tel: 603-5569 4000 Fax: 603-5569 1080

Date: 30 March 2017

The Board of Directors
CNI Holdings Berhad
Wisma CNI, No. 2 Jalan U1/17
Seksyen U1
Hicom-Glenmarie Industrial Park
40000 Shah Alam

Dear Sirs

NOTICE OF NOMINATION OF MESSRS MOORE STEPHENS ASSOCIATES PLT AS AUDITORS

We, Marvellous Heights Sdn Bhd, being a major shareholder of CNI Holdings Berhad ("the Company"), hereby give notice of our nomination of Messrs Moore Stephens Associates PLT for appointment as new auditors of the Company in place of the retiring auditors, Messrs Baker Tilly AC.

Therefore, we propose that the following ordinary resolution be considered at the forthcoming Annual General Meeting of the Company:

"THAT Messrs Moore Stephens Associates PLT be hereby appointed as new auditors of the Company for the financial year ending 31 December 2017, in place of the retiring auditors, Messrs Baker Tilly AC and to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."

Thank you.

Yours faithfully,
for and on behalf of
Marvellous Heights Sdn Bhd

Dato' Koh Peng Chor
Director

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.	004-9771288 / 019-4100355	04-9771288
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, Tingkat 1, Lorong Semarak 3, Taman 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.	04-4419897/012-9871175/013-9339897	04-4428897
	Changlon DC	5, Pekan Changlon 2, 06010 Changlon.	04-9246923/012-4932758/019-4442758	04-9246923
eSP	Baling	No H6 Tingkat 1, Pekan Baru Baling 09100 Baling.	013-4239606 espbaling@mycni.com.my	
SP	Pendang SP	No 4, Bangunan Orkid, 06700 Pendang.	019-9189897/013-4239897/ 013-4801000	
	Jitra SP	3-B Jalan 1PJ2, 06000 Jitra.	017-5239447/012-5815552	
	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	
P. PINANG				
RC	Perai RC	30, Jln Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth.	04-3986050	04-3984050
	Perak Road DC 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	No 5 (1st Floor), Taman Sitiawan Maju 2, 32300 Sitiawan.	05-6912918	05-6912918
	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.	05-4010793	05-4010793

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email	Fax
PERAK				
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	
	Kemunting SP	No 24, Jln Sepat, Taman Kamunting Perdana, 34600 Kemunting.	05-8830131 / 016-5508517 espkamunting@mycni.com.my	
SP	Pulai SP	No 28, Jln Pulai Height 4, Taman Pulai Height, 31300 Ipoh.	012-3783185	
	Hutan Melintang SP	No 99, Lorong 6, Taman Wawasan, 36400 Hutan Melintang.	014-9097574	
SELANGOR				
SP	Klang DC	9, Wisma Ching Eu Boon, Lrg Gudang Nanas 2, Jln Pasar, 41400 Klang.	03-33439897/33433416/019-3209897	03-33433416
	Seri Kembangan DC Cni	13, Jln PSK1, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan.	03-89435481	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 Cni	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	03-61842897
	Bangi DC Cni	43A-1-1A, Jln Medan PB2, Medan PB2 Pusat Bdr Bangi, 43650 Bdr Baru Bangi.	03-89202475	03-89202475
	Petaling Jaya DC	53A, Jln SS3/29, Tmn Universiti, 47300 Petaling Jaya.	03-78739897	03-78739897
	Puchong DC	No 6-3 (3rd Floor), Jalan Puteri 1/5, Bandar Puteri 47100, Puchong.	03-80664178	03-80527143
eSP	Taman Dato' Harun	4, Jalan 13, Taman Dato' Harun, 46000 PJ.	03-77841859 / 016-3133466 esptamandatoharun@mycni.com.my	
	Banting	161, Jalan Sultan Abdul Samad, 42700 Banting.	03-31872333 / 012-3027433 espbanting@mycni.com.my	
SP	Teluk Panglima Garang SP	Lot 2323, Lorong Aman, Kg Sijangkang, 42500 Teluk Panglima Garang.	03-31227021/ 016-3552162	
	Labuhan Dagang SP	Lorong Satu, Hadapan Dewan Wanita, Kampung Labuhan Dagang 42700.	012-3676284/011-35258661	
	Ulu Yam Bharu SP	No 5, Jalan Arowana 3, Taman Desa, Ulu Yam Bharu, 44300 Batang Kali.	017-3480937/012-6160194	
	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.	019-3595886/012 6613590	
	Bandar Putri, Klang SP	No 8, Tingkat 2, Lorong Sanggul 1E, Bandar Puteri, 41200 Klang.	011-12375127	
	Meru, Klang SP	No 41, Lorong Kopi 1, Taman Tenaga Bakti, Meru, 42200 Kapar, Klang	03-33928512/019-3084613	

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email	Fax
W. PERSEKUTUAN				
DC	Setapak DC	211 A, Jalan Genting Klang, 53300 Setapak.	03-40245133/03-40315508	03-40239195
	Cheras DC	54-A, Jalan Serkut, Tmn Pertama, Cheras 56100.	03-92877190/016-6687697	03-92877190
SP	OUG SP	57A, Jalan Hujan Emas 8, Overseas Union Garden, 58200 Kuala Lumpur.	03-79715128/012-2818478	
	Sentul SP	43-1-8 Jalan 1/48a, Sentul Perdana, Bandar Baru Sentul, 51000 Kuala Lumpur	03-40506061/017-3359897/ 012-3079897	
N. SEMBILAN				
DC	Seremban DC	656, Jalan Haruan 4/10 Pusat Komersial Oakland, 70300 Seremban.	06-6338337	06-6339337
	Tampin DC	No.1052, Tingkat Atas, Jalan Perhentian Bas, Pulau Sebang, 73000 Tampin.	06-4415128	06-4415128
	Nilai DC	PT4768, Jalan TS1/19, Taman Semarak, 71800 Nilai.	06-7940823	06-7940823
MELAKA				
DC	Batu Berendam DC	11, Jalan BBP 1, Taman Berendam Putra, 75350 Batu Berendam.	06-3369349	06-3369349
SP	Pernu SP	590-1, KM 12, Kampung Pernu, Pernu 75460.	06-2610012/010-5057109	06-2610012
	Paya Rumput SP	No. 22, Jalan IKS PR2, IKS, Paya Rumput, 76450 Paya Rumput.	06-3162001/013-6257842	
JOHOR				
DC	Taman Bukit Indah DC	23A, Jalan Indah 15/2, Taman Bukit Indah, 81200 Johor Bahru.	07-2305140	07-2321593
	Taman Molek DC	7, Jalan Molek 2/5, Taman Molek, 81100 Johor Bahru.	07-3524731	07-3524731
	Muar DC	No. 3, Taman Seri Gemilang, Jalan Salleh, 84000 Muar.	06-9526590/019-6556563	06-9545191
	Kluang DC	No 6 Tingkat 1, Jalan Cengkih, Taman Makmur, 86000 Kluang.	07-7710242	07-7710242
	Kulai DC	14, Tingkat 1, Jalan 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	
	Taman Sentosa	277, Jalan Sutera, Taman Sentosa, 80150 Johor Bahru.	012-7172937 espsentosa@mycni.com.my	
SP	Tangkak SP	23, Kampung Baru Satu, 84900 Tangkak.	06-97820258/012-2317321	
	Skudai SP	42, Jalan PE2/7n, Taman Pulai Mas, 81300 Skudai.	07-5215620/013-7305335/019-7173515	
	Masai SP	8, Jalan Bayan 31/1, Taman Megah Ria, Masai, 81750 Johor Bahru.	017-7692638	
	Segamat SP	45, Jalan Intan 2, Taman Intan Bukit Siput, 85020 Segamat.	019-6556563	

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email	Fax
KELANTAN				
DC	Kota Bharu DC	PT397, Tingkat Bawah, Jln Dusun Raja, Sri Cemerlang, 15400 Kota Bharu.	09-7477433	09-7477433 09-9758200
eSP	Pasir Mas	W2/458, Jalan Hospital, 17000 Pasir Mas.	019-9184408/014-8193317 esppasirmas@mycni.com.my	
SP	Tumpat SP	No. 61, Jalan Puteri Sa'dong, 16250 Wakaf Baru, Tumpat.	019-9826533	
	Pasir Putih SP	Kg. Alor Hijau, Selising, 16810 Pasir Putih.	09-7892988/019-9101825	
TERENGGANU				
DC	Kemaman DC	40-A, Jalan Jakar, Chukai, 24000 Kemaman.	09-8591028/012-9886118	09-8591028
eSP	Dungun DC	Pt 7324, Rumah Kedai, Taman Rakyat Jaya, 23000 Dungun.	018-9195267	
SP	Kuala Terengganu DC Cni	219, Tingkat Atas, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6220085	09-6220085
	Gong Badak Kerteh SP	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308/013-9436988 espgongbadak@mycni.com.my	
		759-5, Kg Baru, Kerteh, 24300 Kemaman.	017-9702384/019-3375967	
PAHANG				
DC	Kuantan DC	B.58, Jalan 1 M3/10 BIM Point, Bandar Indera Mahkota, Jalan Kuantan, 25200 Kuantan.	09-5730834	09-5730834
eSP	Mentakab DC	No. 16, Jalan Anggerik, 28400 Mentakab.	09-2771463/019-9551626	09-2771463
	Bentong	No. 7, Gerai MDB, Atas Hentian Raya Bentong, 28700 Bentong.	010-9165244 espbentong@mycni.com.my	
	Kuantan	B-1882 Lorong Sekilau 32, Tmn Pacific, 25200 Kuantan.	09-5133105/019-9839963 espkuantan@mycni.com.my	
SP	Kuala Lipis SP	101A, Medan Niaga Bagan MARA, aJlan Stesen, 27200 Kuala Lipis.	019-9726897	
	Jengka SP	M.166 Jalan Bakti, Rantau Perintis 26400, Bandar Jengka.	013-9719572/013-6020451	
	Lepar Hilir 1 SP	No 2, Bangunan Koperasi, Felda Lepar Hilir 01, 26300 Gambang.	013-9470229	
	Desa Ria, Bentong SP	No 50, Taman Desa Ria, 28700 Bentong	012-9159476	
SARAWAK				
DC	Sarawak Branch	Lot 9392, Section 64, Kuching Town Land District 3 1/2 Mile, Jalan Pending, 93450 Kuching.	082-340619 / 340620/340621	082 - 347176 082 - 345280
	Sibu DC	No 1, 1st & 2nd Flr, Pusat Tanahwang, Jln Pedada, 96000 Sibu.	084-321284	084 - 321305
	Kuching DC Cni	302, 1st Floor, Lot 2754 Central Park Commercial Centre, Jalan Tun Ahmad Zaidi Adruce, 93150 Kuching.	082-424313/019-8182623	082 - 428714
	Bintulu DC Cni	189, Park City Commerce Square, 97000 Bintulu.	086-310611/019-8151611	086 - 310611
	Sri Aman DC	No 6, Lot 1752, Jln Hospital, 95000 Bdr. Sri Aman.	083-325313/019-8195313	083 - 327313
	Petra Jaya DC	Lot 9820, Sublot 4 Section 65 K.T.L.D. Jalan Semarak, Petra Jaya, 93050 Kuching.	082-428714	082 - 428714
	Miri DC	Unit 5, Ground Floor (next to mega hotel), Soon Hup Tower, Jln Merbau, 98000 Miri	085-424528	

DISTRIBUTION CENTRES / SALES POINTS / E-SALES POINTS

Distribution Centres/ Sales Points/ e-Sales Points (DC, SP & eSP)		Address	Tel & Email	Fax
SARAWAK				
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, Tingkat 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	
SABAH				
DC	Sabah Branch	No 6 (Lot 6) Lorong 1A KKIP Selatan, MIEL Industrial Zone 1.	088-491100/01	088 - 491105
	Keningau DC	Kota Kinabalu Industrial Park, 88460 Kota Kinabalu. 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 (Tingkat 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 Jalan 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

CNI HOLDINGS BERHAD
181758-A

FORM OF PROXY

NO. OF SHARES HELD

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

of ....

....
(FULL ADDRESS)

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

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

of ....
(FULL ADDRESS)

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

of ....
(FULL ADDRESS)

or failing *him/both, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty-Eighth 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, 25 May 2017 at 10.30 a.m. or any adjournment thereof, in the manner indicated below:

		FOR	AGAINST
Resolution 1	Re-election of Mr. Tan Sia Swee as Director of the Company		
Resolution 2	Re-election of Mr. Chew Boon Swee as Director of the Company		
Resolution 3	Re-election of Mr. Lim Lean Eng as Director of the Company		
Resolution 4	To approve the payment of Directors' fees		
Resolution 5	To approve the payment of Directors' benefits		
Resolution 6	Appointment of Messrs Moore Stephens Associates PLT as Auditors and to authorise the Directors to fix their remuneration		
As Special Business			
Resolution 7	Retention of Independent Non-Executive Director, Encik Zulkifli Bin Mohamad Razali		
Resolution 8	Retention of Independent Non-Executive Director, Mr. Lim Lean Eng		
Resolution 9	Authority to Issue Shares		
Resolution 10	Proposed Shareholders' Mandate		
Resolution 11	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "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 2017

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

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

* Delete whichever is/are not applicable

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 19 May 2017 ("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 up to two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *A proxy may but does not need not be a member of the Company and if not a member he need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
4. *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.*
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 (1) 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