CNI HOLDINGS BERHAD
181758-A

STRENGTHENING OUR NETWORK

Annual Report 2017

STRENGTHENING OUR NETWORK

In a business environment that is fast changing and becoming more integrated, keeping our network competitive across the board is our priority.

CNI have entered a new era of commerce—one that offers both adaptability and flexibility by combining online and offline business strength to bridge the ever moving physical world with the digital world for improved efficiency, and effectiveness as we strive to make our products and customer experience the very best they can be.

CNI is people business and we are putting people first - our customers, members, shareholders and employees – to grow and move forward. We are building trust through communication, commitment, competence and delivering more – more service, more time, more convenience and more sensitivity – to drive productivity and performance. We are reinforcing our network to strengthen our core business that have stood the test of time.

We are harnessing on the fundamentals to improve the sustainability of our business. Our commitment to return to sales growth that will benefit our stakeholders is resolute. We believe CNI is here for the long-term.

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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.

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.

EM, QP and TOB have been accredited with Good Manufacturing Practice (GMP) standards, ISO 9001:2015, 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 Coporate 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. 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
- 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-Independent Non-Executive Chairman

KOH HOW LOON
Group Chief Executive Officer

CHEW BOON SWEE
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

YEE KEE BING
Non-IndependentNon Non-Executive Director
(Appointed on 1 January 2018)

COMPANY SECRETARY
CHIN YOKE KWAI
(MAICSA 7032000)

AUDIT COMMITTEE
LIM LEAN ENG
Chairman

DR. CH'NG HUCK KHOON

ZULKIFLI BIN MOHAMAD RAZALI

DATO' KOH PENG CHOR

NOMINATION & REMUNERATION COMMITTEE
DR. CH'NG HUCK KHOON
Chairman

ZULKIFLI BIN MOHAMAD RAZALI

LIM LEAN ENG

DATO' KOH PENG CHOR

RISK MANAGEMENT COMMITTEE
DR. CH'NG HUCK KHOON
Chairman

ZULKIFLI BIN MOHAMAD RAZALI

LIM LEAN ENG

KOH HOW LOON

AUDITORS
MESSRS MOORE STEPHENS ASSOCIATES PLT
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower,
No 1 Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7728 1800
Fax: 03-7728 9800

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 3308
E-mail: info@cniholdings.com.my
Website: www.cniholdings.com.my

SHARE REGISTRAR
SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7849 0777 (Helpdesk)
Fax: 03-7841 8151/ 03-7841 8152
Email : ssr.helpdesk@symphony.com.my

PRINCIPAL BANKER
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

	2017	2016 Restated	2015	2014	2013
Performance (RM'000)					
Revenue	85,038	88,121	93,261	92,461	111,980
Loss Before Taxation	(15)	(5,972)	(3,356)	(6,841)	(208)
Attributable Loss	(2,082)	(5,110)	(6,163)	(6,612)	(651)
Key Balance Sheet Data (RM'000)					
Share Capital	72,000	72,000	72,000	72,000	72,000
Shareholders' Equity	74,500	76,272	82,793	92,695	101,336
Total Assets	100,508	101,292	109,413	116,697	125,553
Borrowings	1,314	202	72	90	38
Financial Ratios					
Net Earnings Per Share ("EPS") (sen)	(0.29)	(0.72)	(0.86)	(0.93)	(0.09
Net Dividend Per Share (sen)	-	0.30	0.30	0.30	0.30
Net Assets Per Share ("APS") (sen)	10.45	10.69	11.61	12.87	14.07
Gearing Ratio (%)	0.18	0.03	0.09	0.10	0.04

MALAYSIA HEALTH AND WELLNESS BRAND AWARDS

Well3 Life Enzyme won the Malaysia Health And Wellness Brand Award 2017 (Food Supplement Category) organised by Sin Chew Daily and Life Magazine, and recognised by the Malaysian Ministry of Health, to identify exemplary brands that have contributed significantly to the improvement of consumers' health, and enhance the community's awareness towards health and quality of life in promoting health care practice.

THE FEMININE RECOGNITION AWARDS

CNI Nutrimoist was awarded the Most Prominent Brand (Wellness category) for being a remarkable healing cream by the monthly Chinese magazine, Feminine.

Corporate Events

NEW PRODUCT LAUNCHED

WaterLife Hot Spring Energy System, a new model under the WaterLife Water Treatment series, was introduced with LED digital display and other new features.

CNI SIGNS MOU WITH 11STREET

An MoU was signed between CNI and Celcom Planet Sdn Bhd on 15 March 2017 for the "Sehati Sejati Pasti CNI Tongkat Ali" campaign. Later, on 18 July 2017, CNI ventured into a strategic partnership with 11street in line with its gradual shift to e-commerce.

TRAVEL INCENTIVES TO BANGKOK, BANDUNG, OSAKA, AND CHIANG MAI

Achievers of CNI travel incentives won exclusive travel to four overseas destinations in 2017 under the campaign to promote excellent entrepreneurship, and exceptional experience with CNI.

WELLNESS CARNIVAL

A health carnival was held in Wisma CNI on 20 May 2017 to promote health-related activities like dance workout competition, health screening, health testimonial sharing, and WaterLife donation worth RM24,000 by Yayasan CNI to 10 homes, among others.

CNI SUPPORTS “LEE CHONG WEI - RISE OF THE LEGEND MOVIE”

CNI supports the “Lee Chong Wei” movie based on the life of Datuk Lee Chong Wei, his path to glory, and his perseverance that resembles CNI’s success story, and business principles. A media conference was held on 9 November 2017 upon completion of the film shooting.

STUDY TOUR ON DIGITAL AGE LOGISTIC

On 11 October 2017, the Directors and Top Management went on a study tour to SnT to enhance understanding on the latest logistics process and operation, and the role of technology in improving service as well as delivery within Malaysia and the ASEAN region in the e-commerce era.

NEW BUSINESS MODEL INTRODUCED

The O2O FRENZ PLAN was introduced in line with the progress of mobile internet network technology, and the new lifestyle trend that pursues mobility. The plan is supported by strategic partners like Lazada, Agoda, Fave, Uniqlo, Zalora, and Better Vision.

3 MAJOR FESTIVALS CELEBRATED ACROSS MALAYSIA

Chinese New Year, Hari Raya Aidilfitri, and Deepavali were celebrated with distributors in the Peninsula, Sabah and Sarawak with special achievers recognition, motivational speech, entertainment, lucky draw, and festive refreshments to uplift the spirit and enhance camaraderie among distributors.

Management Discussion & Analysis

The Board of Directors of the Company (Board) and Management is pleased to present the Management Discussion and Analysis (MD&A) which contains commentary from the Management to give shareholders a better understanding of the Group's business, operations and financial position for the financial year ended 31 December 2017 (FYE 2017).

The MD&A should be read in conjunction with the Audited Financial Statements of the Group and the Company for the FYE 2017.

OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES

CNI is an investment holding company and provides management services. The subsidiary companies are principally involved in the sales and distribution of health care and consumer products, which is reported as Marketing & Trading Segment. The Group also diversified into the manufacturing, trading and packaging of all kinds of foodstuffs and beverages, household and personal care products, which is reported under Manufacturing Segment.

Marketing & Trading Segment has a market presence within Malaysia as well as various countries including Singapore, Brunei, Thailand and Myanmar.

The distribution channels of the Marketing & Trading Segment are strategically located across the regions of Malaysia to support the business of our distributors.

Manufacturing Segment is principally engaged as an Original Equipment Manufacturer (OEM) in the production of foodstuffs and beverages, household and personal care products. Its customers consist of both domestic and overseas companies. It is also strategically aligned with the Marketing & Trading Segment to produce majority of its local products.

The Group's objective is to help our distributors grow healthy and sustainable business, thereby introducing more distributors to its quality products and entrepreneurship opportunity

Effective growth is key aspect for business expansion and yielding sustainable returns to shareholders. To achieve this, the Group is constantly innovating and developing new revenue streams by expanding type and range of products to distributors and customers, and expanding and diversifying its market in order to distribute the Group's products.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group registered lower revenue of RM85.0 million, compared to revenue of RM88.1 million reported in the preceding financial year ended 31 December 2016 (FYE 2016). The decrease in revenue was mainly due to lower sales performance by the Marketing & Trading Segment which remains our anchor operating segment.

However, the Group's loss before taxation (LBT) and loss after taxation decreased from RM6.0 million and RM5.1 million respectively in FYE 2016 to RM15,426 and RM1.4 million respectively in FYE 2017. The loss was decreased mainly due to lower impairment loss of other investments and operating expenses compared to FYE 2016.

As at 31 December 2017, the Group's total assets stood at RM100.5 million, representing a decrease of RM0.8 million compared to RM101.3 million at the end of FYE 2016. The Group's current assets, which made up 55% of the total assets, grew by RM0.4million to RM55.4 million as at 31 December 2017. This increase was mainly attributable to the rise in trade receivables and inventories. The Group's total liabilities increased by RM0.4 million from RM24.1 million as at 31 December 2016 to RM24.5 million as at 31 December 2017. Contributing to the increase were higher other payables and finance lease liabilities.

The Group's financial position remained strong and net asset value per share attributable to equity holders of the Group was RM0.11 as at 31 December 2017 which was same as compared to FYE 2016.

The Group's current ratio stood at a healthy level of 2.95 times as at 31 December 2017 compared to 3.53 times as at 31 December 2016. Its net gearing ratio of 0.18 times as at 31 December 2017 was comparable to last year ratio. Cash and bank balances decreased from RM23.4 million as at 31 December 2016 to RM22.0 million as at 31 December 2017.

The Group aims to maintain a prudent financial structure to ensure that it has access to adequate capital and financing on terms which are favourable to the Group.

In 2017, the Group invested in capital expenditures aggregating RM2.36 million to support long-term growth in production capacity which in turn will generate revenue for the Group in the immediate and near term. The investment was financed by internally generated funds as well as financed lease arrangements.

The Group's total capital commitments, contracted but not provided for, as at 31 December 2017, amounted to RM0.6 million for both Marketing & Trading and Manufacturing segments.

REVIEW OF SEGMENTAL RESULTS AND OPERATING ACTIVITIES

Marketing & Trading Segment

The Marketing & Trading Segment generated revenue of RM64.8 million in FYE 2017, an decrease of RM10.8 million compared FYE 2016, mainly due to lower sales from overseas subsidiaries. However, LBT improved by RM4.8 million to RM412,345 in FYE 2017 mainly attributable to reduction in operating expenses in Malaysia.

The segment experienced an increased number of members through the 'O2O Frenz Plan' in 2017. New strategic affiliate partners have been added to the plan for wider product options and enhance our brand's appeal.

We have ventured into 2 of the largest online shopping hub in Malaysia, namely Lazada and 11street, with positive outcome in product sales and new online customers. We believe the current pattern will continue to serve our brand awareness efforts and in reaching out to a wider consumer market.

The Company has introduced a new enzyme biotechnology called NuFit (Nutritional and Functional Improvement Technology) as an enhancement to the current MENEP process. In addition, NuFit has probiotics function, and promotes better taste which the Company foresees will enhance the marketability of our enzyme–based products. Meanwhile, our star-product, Well3 Life Enzyme is the proud winner of the 2017 Malaysia Health & Wellness Brand Award (Health Food Category).

In 2017, we also introduced a new model in our water treatment series called the Waterlife Hot Spring Energy System to serve the market need for instant, clean and safe hot drinking water.

In the move towards our Green initiative and to appeal to the younger generations, the Company has introduced the digital CNI e-NEWS to complement the newsletter's published copy, and we have increasingly utilised the Whatsapp channel to circulate updates on promotions, and the Company's latest news to distributors. We have also activated the autoreply in our official Facebook page for enhanced customers service response.

Manufacturing Segment

The revenue of Manufacturing Segment FYE 2017 was RM44.4 million, a substantial growth of RM9.7 million compared to FYE 2016, mainly due to increase of export sales to China. Hence, profit before taxation increased by RM2.3 million to RM3.8 million compared to FYE 2016.

The segment is focus in ongoing new products development and enhances products formulation with support from a well-maintained research laboratory and GMP plant facility. In 2017, two new packaging machines were acquired to further enhance the production capacity and efficiency.

Our new product exports are mainly to countries such as China, Indonesia and Thailand. Total export sales contribution in FYE 2017 was 41%, a increase of 8% compared FYE 2016.

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

ANTICIPATED RISKS

Business Risk

1. The Group has put in place new online shopping experiences and platforms to facilitate customers buying experience and improvement in product delivery services to enhance its business competitiveness. This will enhance the business model of the Marketing & Trading Segment to stay relevant and competitive under the intense competition from the online sales.

   The Marketing & Trading Segment has ventured into a strategic partnership with well-known e-commerce sites to provide a proper channel for customers to purchase CNI products online while safeguarding the CNI brand and price margins of our products.

   The Group acknowledges the competitive online marketplace that challenges our distributors with multiple choices and brands, and it is our intention to capture consumer confidence and spending that are crucial to building a long term sustainable business through our online venture.

The rise of third party e-commerce sites may run counter to the efforts of our distributors, and the Group mitigates this risk by continuously monitoring such activities vigilantly and will take all necessary actions to ensure the sustainability of our business model and the livelihood of our distributors.

2. Foreign Exchange Risks

   The Group operates its business internationally which exposes itself to foreign currency exchange risk, mainly from the fluctuation of United States Dollar (USD). The Group manages its exposure to foreign currency exchange risk in the following manner:

   (i) Foreign currency sales and purchases in the same currency provide natural hedge against the fluctuations in the foreign currency exchange rates; and

   (ii) Maintain part of its cash and bank balances in the foreign currency accounts to meet its future obligations in foreign currencies.

   There is no assurance that significant changes in the exchange rates will not have a material adverse effect on the financial position and performance of the Group.

3. Risk on Health and Safety

   As a manufacturer of food products, the Group is fully aware of the importance of health and safety of consumers. Thus, the Group is committed to produce and offer products with high quality assurance for packaging and consumptions, which are key factors directly affecting the end consumer's satisfaction as well as the Group's business operations.

   As such, the Group's commitment to stringent production procedures has led to its recognition under the Hazard Analysis and Critical Control Points (HACCP) certification, accreditation under the ISO9001:2015 for Quality Management Systems, the Food Safety System Certification (FSSC) 22000 for Food Safety Management System as well as the Good Manufacturing Practice (GMP) certification by Ministry of Health Malaysia and Halal certification by Department of Islamic Development Malaysia. This is to ensure the consistency in the quality and safety management of products delivered to end consumers.

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 FYE 2017.

FORWARD-LOOKING STATEMENT

The Management expects the Group's operating environment for the financial year ending 2018 (FYE 2018) to remain challenging and competitive due to both global and domestic economic uncertainties with increased regulatory requirements, the higher key raw material and production cost together with intense price pressure from competitors. Nevertheless, the Management expects the market to remain resilient with revenue growth for the Group's products. The Management strive to continue to improve productivity and enhance its operational efficiency to deliver sustainable growth and satisfactory results for the Group.

Securing sustainable growth remains the cornerstone of the Group's business. The Marketing & Trading Segment will consolidate its business venture and focus in strengthening the growth of its networking starting from Malaysia. With Mr. Yee Kee Bing (Paul) on board, we foresee fundamental changes that will lead to stronger foundation and return higher shareholders value in the long run.

Stepping into FYE 2018, the Group is seeking opportunity to expand its business venture while continuing to enhance current operation, cost containment and productivity improvement via the use of digital technologies and other innovation ideas.

The Group's focus remains on stabilised revenue growth and supporting the success of our distributors. The Group will digitally transform the CNI to help our distributors build young leaders.

Board Of Directors' Profile

DATO' KOH PENG CHOR
Non-Independent Non-Executive Chairman
Malaysian, Male, 66 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 Investment Committee
- Member of the Audit Committee and Nomination and Remuneration Committee

Other Directorship:
- Nil

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

KOH HOW LOON
Group Chief Executive Officer
Malaysian, Male, 40 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 the CEO of CNIE in 2011. He assumed his current position as the Group CEO of CNI on 1 March 2018.

Board Committee:
- Chairman of the Executive Management Committee
- Member of the 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, 58 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 2003. 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 Executive Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

ZULKIFLI BIN MOHAMAD RAZALI
Senior Independent Non-Executive Director
Malaysian, Male, 58 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:
- Member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

Board Of Directors' Profile

DR. CH'NG HUCK KHOON
Independent Non-Executive Director
Malaysian, Male, 49 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, 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 Nomination and Remuneration Committee and Risk Management Committee
- Member of the Audit 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, 51 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:
- Chairman of Audit Committee
- Member of the Nomination and Remuneration Committee and Risk Management Committee

Other Directorship:
- Nil

Family Relationship:
- Nil

YEE KEE BING
Non-Independent Non-Executive Director
Malaysian, Male, 59 years old

Date of Appointment:
- 1 January 2018

Qualification:
- Bachelor of Social Science (Major: Communications), Universiti Kebangsaan Malaysia

Working experience:
- He started his career at Art Beat Communications Sdn Bhd as Accounts Servicing Executive and subsequently joined Amway (Malaysia) Sdn Bhd (Amway) in 1984. He worked in Amway for 32 years before retiring as the Managing Director of Amway on 1 January 2017. He is a certified Train the Trainer and also a Certified Coaching and Mentoring Professional.

Board Committee:
- Nil

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 2017.

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 29.

Key Senior Management's Profile

KOH HOW LOON
Group Chief Executive Officer
Malaysian, Male, 40 years old

Date of Appointment to the current position:
- 1 March 2018

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 the CEO of CNIE in 2011. He assumed his current position as the Group CEO of CNI on 1 March 2018.

Other Information:
- He is the Chairman of the Executive Management Committee
- He is Member of the Risk Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee
- 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
Chief Executive Officer of Manufacturing Segment
Malaysian, Male, 58 years old

Date of Appointment to the current position:
- 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 2003. He is credited for setting up the GMP, ISO and HACCP accreditations for the manufacturing operations of EM and Q-Pack.

Other Information:
- He is Member of Executive Management Committee, Investor Relations & Corporate Disclosure Committee and Investment Committee

Notes:
Save as disclosed, the above Key Senior Management 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 2017.

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 responsibly 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.

Material Sustainability Matters

This is CNI's first Sustainability Statement that covers the period from 1 January 2017 to 31 December 2017 according to the guidance and best practices by Bursa Securities Malaysia Berhad. We have re-evaluated our approach and identified material sustainability matters that are relevant to our organisation and stakeholders. The material matters are categorised into three aspects: Economic, Environment, and Social (EES).

Aspect	Material Issues
Economic 	• Entrepreneur & Self Development • Procurement Practices • Community Investment
Environment 	• Green Initiative • Waste Management
Social 	• Diversity • Safety in Workplace • Product Quality & Safety

Governance Structure

The Risk Management Committee (RMC) has taken up the role and responsibilities of the sustainability matters of the Group. The RMC oversees the strategies, policies, initiatives, targets and performance of the Group to ensure that the Group's business is conducted in a sustainable manner.

The RMC is assisted by Risk Management Unit (RMU) which oversees the implementation of the organisation's sustainability approach. The Head of the RMU reporting directly to the RMC on any sustainability matters. Each business unit has its own risk management and sustainability working group which allows RMU to leverage existing initiatives to identify material sustainability matters in respect of the EES concerning their respective business units, providing and collecting information, overseeing and ensuring integration of sustainability management into their respective business processes.

Stakeholders Engagement

We have identified certain stakeholders relevant to our operations and different platform will be used to engage with all the different stakeholder groups, as indicated in the table below. We have yet to formally engage with all stakeholders and as we progress, more stakeholders will be identified.

Stakeholder Group	Engagement Platform
Employees	On-going training Performance appraisal system Employee engagement sessions
Distributors and customers	Customer service counters Distributors feedback channels Social media
Government and Regulators	Regulatory requirements, meetings, forums, events and briefings
Shareholders and investors	Annual General Meeting, quarterly reports, annual report, website
Suppliers	Meetings, site visits, business alliance meetings
Local communities	Donation to local communities Community programmes and engagement sessions Direct selling industry engagement

Materiality Assessment

Materiality assessment is key in this aspect as it provides clarity and direction on what the Group should be reporting and scoping. We have reviewed various sources and conducted a materiality assessment meeting to identify, priorities, validate and review sustainability issues relating to the Group.

Materiality Matrix

The following matrix depicts eight (8) matters that the RMC had identified to be high importance to both the Group and our stakeholders. We will focus on these material matters in this Statement as they have an impact on the sustainability of our business.

Influence on Stakeholders	LOW	MEDIUM	HIGH
HIGH			• Product Quality & Safety • Safety in Workplace • Procurement Practices
MEDIUM		• Diversity • Community Investment	• Entrepreneur & Self Development • Green Initiative • Waste Management
LOW			

Significant impact to the Group's EES

ECONOMIC SUSTAINABILITY

Businesses that embrace sustainability are able to thrive in the long-term, together with society as a whole. In line with this, across the Group our business units embrace sustainable business practices in tandem with our pursuit of sustainable economic growth.

This includes creating synergies across the organization while generating employment, fostering investment, encouraging the growth of entrepreneurs especially amongst distributors, all the while adhering to stringent regulations and high standards.

Entrepreneur & Self Development

Throughout 2017, the Group invested in training and development for our distributors to build their capabilities, skills and knowledge, as well as to help them expand their businesses. With our distributors forming a crucial component in our marketing business model, we believe in providing a supportive ecosystem that encourages their success. Thus, we implemented a Business Education System (BES) to discover and unleash the leadership qualities of our distributors in stages. It is a guide to ensure the success of our business.

We have provided our distributors with continuous entrepreneur training and development programmes aimed at developing their skills and knowledge base. Our intention was to ensure that our distributors conducted their businesses ethically and provided the best service for their customers. We believe this approach will ensure the long-term sustainability to our businesses and our distributors' continued success. We have conducted a total of 24 key training programmes for our 556 selected distributors.

Procurement Practices

We strive to offer higher quality products sourced from ethical suppliers, both locally and internationally. We value business partners with an emphasis on safety and assurance. CNI complies with all regulations regarding quality and safety management and environmental conservation. We also required our business partners to observe these standards. We perform food safety assessments on the products of our suppliers to ensure product quality.

In line with our pledge to support local communities, we promote local products to CNI distributors and customers, while creating more economic opportunities locally. The Group aspires to maintain the 70% : 30% ratio of local suppliers to overseas suppliers to support the growth of local industries through the maximum utilisation of local material and resources.

Our business operations are focused on technology and innovation to ensure business continuity. The Group invests to remain relevant through the development of new products as well as improving processes and procedures.

Our R&D efforts are aimed at manufacturing high quality cost-competitive products for our distributors and customers.

Community Investment

We recognise our social responsibility by contributing to communities and is actively involved in local community projects by way of fundraising initiatives; provide financial assistance and donation in kind. We are committed to giving back to those less fortunate as well as hosting awareness campaigns. Our work with local communities is handled by Yayasan CNI.

In FYE 2017, Yayasan CNI has donated in cash and kind to help those less fortunate. CNI has awarded more than 320 students via CNI Children Incentive Education Fund. It has also contributed the Waterlife Gen 3 Water Treatment System to more than 20 charitable organisations, schools, and institutions in 2017. In addition, CNI also supported the "Lee Chong Wei" movie based on the life of Datuk Wira Lee Chong Wei, his path to glory, and his perseverance that the Group hopes will provide Malaysian youth with a good role model and positive sportsmanship values in the effort to uphold our corporate responsibility and obligations.

ENVIRONMENT SUSTAINABILITY

The Group is mindful of the impact that its expanding operations can have on the environment and seeks to reduce the impact through effective and efficient management of resources including green initiative and waste management practice.

Green Initiative

Conservation of resources is an important priority for our business. We made conscious effort in improving our manufacturing processes and continuously working towards the reduction in the use of energy and water throughout the factory. We have used recycled water from liquid processing line process for general cleaning such as floor, drainage system at the end of the production.

We have implemented energy efficiency practices such as energy-saving devices for all motor-powered machines, LED light bulbs and shut down air-conditioning in the Headquarters 30 minutes before the office close. In FY2017, we have managed to reduce about 10% of electricity consumption compared to 2016.

Our ongoing environmental initiatives include recycling papers and carton boxes. We have reused papers for printing purpose whenever appropriate to reduce purchase of new papers which have resulted in about 12% reduction of purchase of paper reams compared to 2016. In addition, we have reused 1,000 carton boxes that were in good condition for packing purposes. Meanwhile, our initiative to go paperless by gradually moving towards a digital newsletter in place of our traditionally printed monthly newsletter in 2017 had generated a promising outcome.

Waste Management

The Group's waste management system adheres to the Department of Environment's (DOE) requirements, and crosscheck system that are audited annually by the DOE. The system has been in place through various operations procedures to minimise waste generated. We have also established the Safety and Quality Management System (SQMS) working committee that monitors our compliance with the DOE requirements.

A monthly reporting of schedule waste generated and disposal record in compliance with the DOE, and trending analysis of total waste generated quarterly were presented during the SQMS regular meeting to control excess waste production. All chemicals used, and waste generated in the Group's operations were sorted according to hazardous, or non-hazardous category and were disposed according to the DOE requirements.

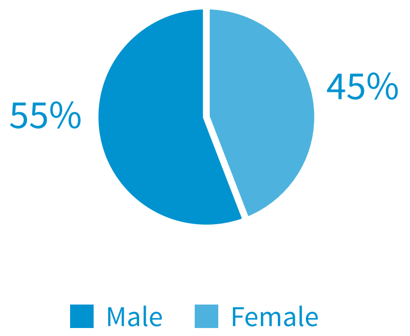
SOCIAL SUSTAINABILITY

We believe that our people are our greatest asset and the backbone of our operations, Our success would not be possible without a skilled and dedicated talent pool; hence we invest into providing opportunities for our employees and distributors, as well as providing a conducive and harmonious work environment.

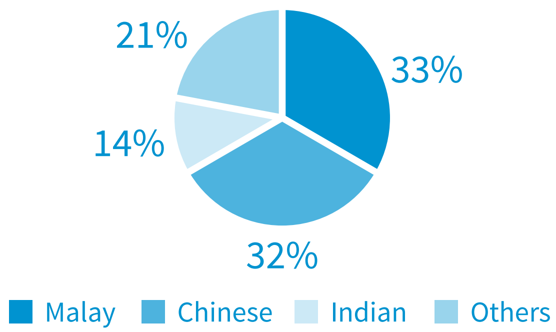
Diversity

The Group promotes diversity that takes into consideration a range of different skills, gender, age, ethnicity, backgrounds and experiences represented its employees. Within our employee base, the majority is female making up 55% of the total employees. By ethnicity, 33% are Malays, 32% are Chinese, 14% are Indian and 21% are others.

Employees by Gender



Employees by Race



The Group believes in lifelong learning and strives to develop the competencies of its employees thorough training and career development plans. We consistently invest trainings for our employees. These trainings are either conducted in-house and by external consultants. In FY2017 the Group had offered a total of 270 trainings that gained participation from its employees.

Safety in the Workplace

Across all our business, we ensure that our employees operate in safe and conducive work environment. We provide training which promotes occupational health and safety.

The Group has a Health, Safety and Environment (HSE) committee that oversee the Occupational Health and Safety Management System (OHSAS) requirements for plants and offices, chemical controls, waste management and legal requirements of HSE aspects. The objective and target of the HSE is recorded in the Management Programme and is reviewed annually.

In 2017, key health and safety activities included fire drills, evacuation exercises and training in proper use of equipment. Our ongoing effects have certainly borne fruit during the year, with reduced incidences of injuries and lost working days recorded.

Product Quality and Safety

As a responsible company and while we continue to develop new products, we place a great emphasis on maintaining high quality standards on our products that are healthy and safe for consumption.

Our manufacturing plants, adhere to product quality and safety regulations applicable to the food and beverage industry and household and personal care industry in the market where we operate, such as Good Manufacturing Practice (GMP), Quality Management Systems ISO 9001:2015 and ISO 14001:2004, Food Safety Management System 22000, Hazard Analysis and Critical Control Point (HACCP) certifications. The Management ensures quality and food safety are built into every process of the manufacturing, starting from the product research and development stage until delivery to customers. Products are developed according to customers' preference and in compliance with all food safety and regulatory requirements.

Our products also adhere to the chemical composition specifications set out by the Food Act 1983, and in compliance with the Malaysian Guidelines for Control of Cosmetic Products and the Chemical Health Risk Assessment (CHRA) by the Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulation 2000.

Other quality and safety assurance standards that the Group observe include the Halal regulatory requirements by the Department of Islamic Development Malaysia (JAKIM) to provide assurance that CNI products are manufactured, imported, exported and distributed under the strictest hygienic and sanitary condition in accordance to the Islamic law that is supervised by the CNI Internal Halal Committee as well as the MS ISO/IEC17025:2005 accreditation by Skim Akreditasi Makmal Malaysia (SAMM) for competence of testing and calibration laboratories.

ISO/IEC17025:2005

In addition, CNI is an active member of Direct Selling Association of Malaysia (DSAM) commitment to abide by the rules and ethics drawn by DSAM and certified by the World Federation of Direct Selling Association (WFDSA) that aims to protect distributors and customers. Consumers are offered a high level of protection on by the Direct Selling Act.

The Board of Directors (the Board) of CNI Holdings Berhad (CNI or the Company) presents this statement to provide shareholders and investors with an overview of the corporate governance (CG) practices of the Company under the leadership of the Board during the financial year 2017. This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance (“MCCG”).

This statement is prepared in compliance with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) (MMLR) and guidance was drawn from Practice Note 9 of the MMLR. It is to be read together with the CG Report 2017 of the Company (CG Report) which is available on the Company’s website, http//www.cniholdings.com.my as well as via an announcement on the website of Bursa Malaysia.

CORPORATE GOVERNANCE APPROACH

The Board of CNI is committed towards reinforcing its market position in the core business of the Group, whilst remaining true to the Group’s established CG. The Board believes that a robust and dynamic CG framework is essential to form the bedrock of responsible and responsive decision making in the Group.

The Group’s overall approach to CG is to:

- Promote heightened accountability at the leadership level (Board and Senior Management); and
- Identify opportunities to drive the synergistic implementation of CG systems, policies and procedures for improved strategic and operational decision making.

Given that the Board forms the pivot of good CG, the Board steers efforts to promote meaningful and thoughtful application of good CG practices.

SUMMARY OF CG PRACTICES

The Board considers that the Company has applied the main the practices of the MCCG for the financial year ended 31 December 2017, except for:

- Practice 3.2 (Establish policies and procedures on whistleblowing);
- Practice 4.1 (Board comprise at least half of Independent Directors);
- Practice 4.5 (Board diversity);
- Practice 6.1 (Remuneration policies and procedures for Directors and Senior Management); and
- Practice 7.2 (Disclosure on named basis for remuneration of top five senior management).

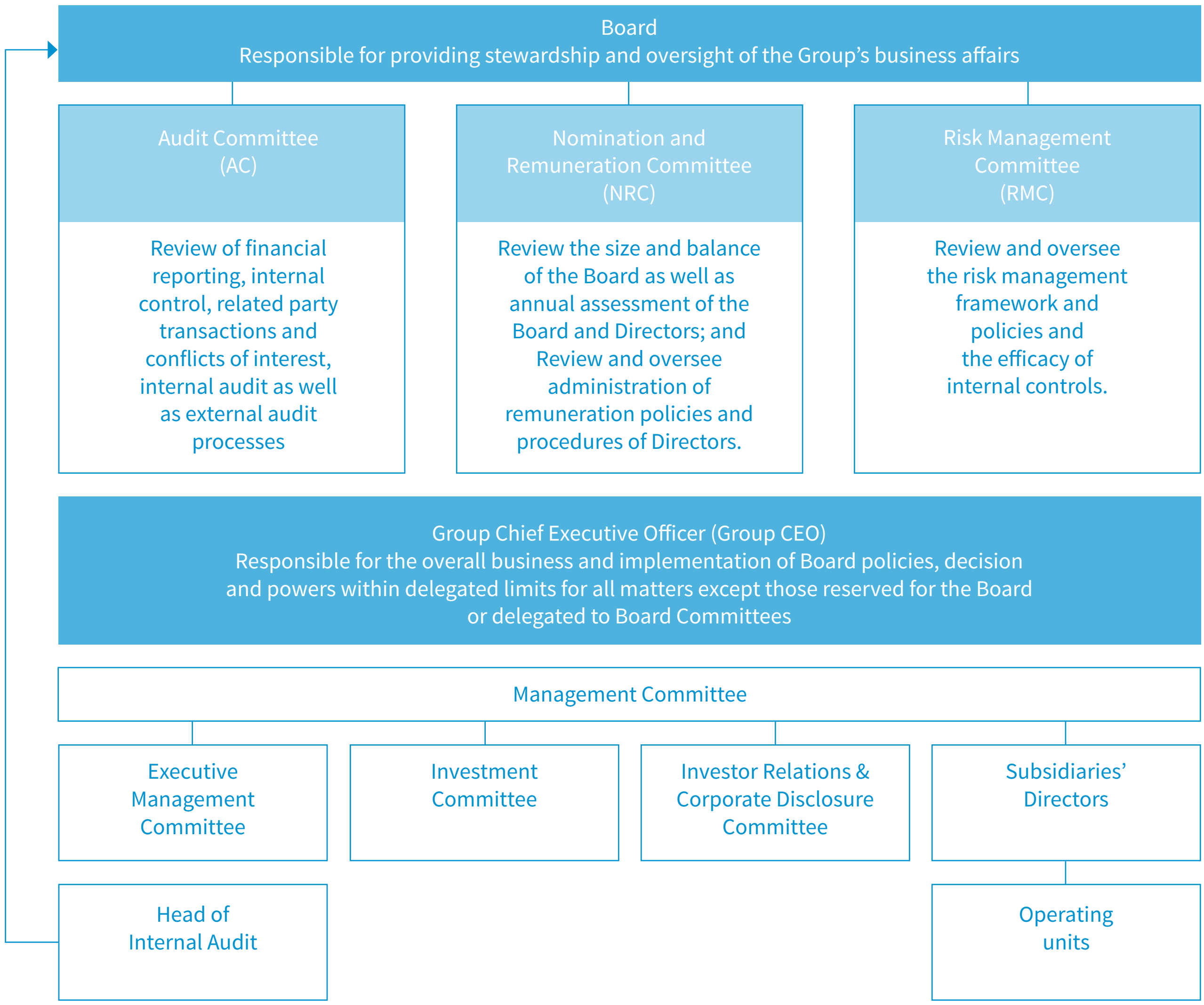
In line with the latitude accorded in the application mechanism of MCCG, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the intended outcome of the departed practices, measures that the Company has taken or intends to take to adopt the departed practices as well as the timeframe for adoption of the departed practices. Further details on the application of each individual practice of MCCG are available in the CG Report.

Corporate Governance Overview Statement

A summary of the Group's CG practices with reference to the MCCG is described below.

BOARD'S ROLES AND RESPONSIBILITES

The Board is responsible for the CG practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.



As depicted in the above illustration, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good CG.

The Board has decided to merge its Nomination Committee (NC) and Remuneration Committee (RC) into a single new committee known as the Nomination and Remuneration Committee (NRC) with effect from 1 March 2018, which aimed to improve its efficiency and effectiveness in discharging its duties. The Board has established a new committee known as Risk Management Committee (RMC) on 1 March 2018, which consists of the members with the majority being Independent Directors.

The Board has formalised a Board Charter which sets out the ethos of the Group, structure and authority of the Board. The Board Charter is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors. The Board Charter was recently reviewed in February 2018 and is made available on the Company's website, http://www.cniholdings.com.my.

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results as well as key performance indicators. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2017 is outlined below:

Director	Board	AC	NC	RC
Executive Directors				
Koh How Loon	4/4			
Chew Boon Swee	4/4			
Non-Independent Non-Executive Directors				
Dato' Koh Peng Chor [(1)]	4/4	N/A	4/4	1/1
Yee Kee Bing [(2)]	N/A			
Independent Non-Executive Directors				
Zulkifli Bin Mohamad Razali	4/4	6/6	4/4	1/1
Dr. Ch'ng Huck Khoon [(3)]	4/4	5/6	3/4	1/1
Lim Lean Eng [(4)]	4/4	6/6	4/4	1/1

Board /Board Committee Chairman   Member

(1) Appointed as member of the AC on 1 March 2018

(2) Appointed as Director on 1 January 2018

(3) Redesignated as Chairman of the NRC on 1 March 2018

(4) Redesignated as Chairman of the AC on 1 March 2018

There is clear delineation of roles of the Board and Management. The Group CEO is the conduit between the Board and the Management in driving the success of the Group's governance and management function. The Group CEO manages and implements the Board's policies and decisions through the Management Committees. In performing their duties, all Directors have access to advice and services of a suitably qualified Company Secretary. The Company Secretary ensures good information flow within Board, Board Committees and Senior Management. The Company Secretary attends all meetings of the Board and Board Committees and advises the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016 and MMLR. Management provides Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions.

As integrity is a core value of the Group, the Board is cognisant of its responsibility to set the ethical tone for the Group. The 'CNI Values and Ethical Workplace Behavior' has been put in place to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence. The 'CNI Values and Ethical Workplace Behavior' is published on the Company's website, http://www.cniholdings.com.my.

BOARD COMPOSITION

The Board currently has seven (7) members, comprising two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. This complies with Paragraph 15.02 of the MMLR which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. The Board strives to ensure that it has an appropriate mix of skills, qualifications and experience to discharge its role and responsibilities effectively based on the Group's nature of business. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.

Appointments to the Board are made via a formal and transparent process, and taking into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction. In the case of Independent Directors, the NC assesses the candidate's ability to bring the element of detached impartiality and objective judgement to boardroom deliberations.

The Board, with the assistance of the NC, regularly assesses the skills, experience, independence and diversity required collectively for the Board to effectively fulfill its role. The Board was satisfied that there was mutual respect among Directors which contributed to a democratic environment so as to constructively deliberate and undertake a robust decision-making process.

The Board reviews its performance, and that of Board Committees and individual Directors on annual basis based on a set of predetermined criteria in a process that is facilitated by the NC. For the year under review, the NC's key activity was to assess the overall Board and Board Committees' performance and effectiveness as a whole. The NC was satisfied that the Board and Board Committees' composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. In addition, the NC also recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming Annual General Meeting (AGM).

In reviewing the independence of Independent Directors, the NC and Board adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The Board is cognisant of the rebuttable presumption that extended tenure leads to entrenchment and as such, the Board remains watchful for such indicators of entrenchment amongst long serving Independent Directors.

The Board acknowledges the recommendation of the MCCG on the establishment of gender diversity policy. There is no plan by the Board to implement a gender diversity policy or targets, as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit.

The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

REMUNERATION

CNI aims to set remuneration at levels which are sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

The RC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

Details of the remuneration of Directors (both the Company and the Group) who served during the financial year ended 31 December 2017 are as follows:

	Fees (RM)	Salaries (RM)	Bonuses (RM)	Retirement benefits (RM)	Allowances (RM)	Benefits -in-kind (RM)	Total (RM)
Group							
Executive Directors							
Cheong Chin Tai[1]	-	514,981	-	104,739	-	14,271	633,991
Koh How Loon	-	343,549	-	-	-	4,500	348,049
Chew Boon Swee	8,502	579,069	61,210	83,771	-	13,281	745,833
Non-Executive Non-Independent Directors							
Dato' Koh Peng Chor	204,000	-	-	-	14,000	24,850	242,850
Tan Sia Swee [1]	48,000	-	-	-	10,000	-	58,000
Law Yang Ket [1]	48,000	-	-	-	9,500	-	57,500
Independent Non-Executive Directors							
Zulkifli Bin Mohamad Razali	48,000	-	-	-	5,500	-	53,500
Dr. Ch'ng Huck Khoon	48,000	-	-	-	4,500	-	53,500
Lim Lean Eng	48,000	-	-	-	5,500	-	52,500
Total	452,502	1,437,598	61,210	188,510	49,000	56,902	2,245,722
Company							
Executive Directors							
Cheong Chin Tai[1]	-	514,981	-	104,739	-	14,271	633,991
Non-Executive Non-Independent Directors							
Dato' Koh Peng Chor	204,000	-	-	-	14,000	24,850	242,850
Tan Sia Swee [1]	48,000	-	-	-	10,000	-	58,000
Law Yang Ket [1]	48,000	-	-	-	9,500	-	57,500
Independent Non-Executive Directors							
Zulkifli Bin Mohamad Razali	48,000	-	-	-	5,500	-	53,500
Dr. Ch'ng Huck Khoon	48,000	-	-	-	4,500	-	53,500
Lim Lean Eng	48,000	-	-	-	5,500	-	52,500
Total	444,000	514,981	-	104,739	49,000	39,121	1,151,841

[1] Resigned on 1 March 2018

AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management framework of the Group.

The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate, whilst the current Chairman of the AC is a member of the Malaysian Institute of Accountants. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making. The Group has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. The Group, through the Risk Management Committee, maintains detailed risk registers which are reviewed and updated on quarterly yearly basis. Focus areas of risks are reported and deliberated at the AC meetings.

The internal audit function is carried out by the in-house Internal Audit Department (IAD) of CNI. The IAD function reports directly to the AC, and is independent of the activities it audits. IAD's authority, scope and responsibilities are governed by an Internal Audit Charter, approved by the AC. Further information on the Group's risk management and internal control framework is made available on the Statement of Risk Management and Internal Control of the Annual Report.

COMMUNICATION WITH STAKEHOLDERS

The Group is committed to maintain a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and stakeholders. Key shareholder and stakeholder communication modes include Annual Report, announcement to Bursa Malaysia, corporate website and investor relation activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication. Investors may forward their queries to the Company in care of the Company Secretary via e-mail: cnisec@cni.my.

CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. During the immediate preceding five years, all Directors were present at the AGMs to answer questions raised by shareholders. The Group encourage shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location.

The voting at the 28th AGM of the Company held on 25 May 2017 was conducted through electronic voting system. The Company continues to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

FOCUS AREAS ON CORPORATE GOVERNANCE

CG was imperative for the Group in the year 2017 against the backdrop of regulatory changes in the domestic CG realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices.

CG areas which gained heightened attention from the Board during the financial year ended 31 December 2017 are as follows:

Review of Board Charter and Board Committees' Terms of Reference

The Board undertook to review and update its Board Charter alongside the Terms of Reference for each of the Board Committees. Changes were made to reflect the revised regulatory expectations as well as the expectations of stakeholders for Directors to exercise greater vigilance and scepticism in understanding and shaping the direction of the Group. These authoritative documents serve to guide the governance and conduct of the Board and Board Committees.

Professional Development of Directors

During the year under review, Directors were accorded with a host of opportunities to develop and maintain their skills and knowledge. Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. The Board, through the NC was satisfied with the type of programmes attended by each Director during the year to enhance their knowledge and performance.

The list of training programmes that were attended by the Board members are outlined below:

Name	Programme Title
Executive Directors	
Koh How Loon	1. The Highlights of Companies Act 2016 2. The Velocity of Global Change & Sustainability – The New Business Model 3. Transfer Pricing 4. Retailing in Digital Era 5. YPO Global Leadership Conference 6. YPO Edge – Disruption + Innovation Conference 7. Mentoring Masterclass
Chew Boon Swee	1. The Highlights of Companies Act 2016 2. Direct Selling in Malaysia 3. Transfer Pricing
Non-Independent Non-Executive Directors	
Dato' Koh Peng Chor	1. The Highlights of Companies Act 2016 2. Direct Selling in Malaysia 3. Transfer Pricing 4. AEOI, Income Tax & GST Strategies Workshop

Name	Programme Title
Independent Non-Executive Directors	
Zulkifli Bin Mohamad Razali	1. The Highlights of Companies Act 2016 2. Direct Selling in Malaysia 3. The Velocity of Global Change & Sustainability – The New Business Model 4. Malaysian Financial Reporting Standards (MFRs) & Their Implications to the Company 5. Briefing on Preparation of Income Tax Computation
Dr Ch'ng Huck Khoon	1. The Highlights of Companies Act 2016 2. Effective Internal Audit Function for Audit Committee Workshop 3. Malaysian Financial Reporting Standards (MFRs) & Their Implications to the Company 4. Briefing on Preparation of Income Tax Computation
Lim Lean Eng	1. Direct Selling in Malaysia 2. Malaysian Financial Reporting Standards (MFRs) & Their Implications to the Company 3. Briefing on Preparation of Income Tax Computation

CORPORATE GOVERNANCE PRIORITIES

The Board recognises that there are always opportunities for improvement in its CG activities in order for the Group to continue to engender trust and confidence amongst stakeholders. The Board has identified the following that will help it to achieve its CG objectives:

Review of Constitution

In order for CNI to proceed with the two-tier voting process for resolutions to retain an Independent Director beyond the 12th year, the Company will need to review its Constitution before proposing any amendments to accommodate the MCCG prescription of non-large shareholders having a stronger voice on the retention of long-serving Independent Directors through second-tier voting. Taking into account the Companies Act 2016 and the MMLR, CNI intends to amend its Constitution at the AGM of the Company in 2019 in order to streamline its provisions with the aforementioned Act and listing requirements. This will provide buffer time for Management to be thorough and comprehensive in their review of the Constitution. At the same time CNI will review the enabling provisions for the unique feature prescribed by MCCG before proposing any amendments to its Constitution.

This CG Overview Statement was approved by the Board of Directors of CNI on 5 April 2018.

Introduction

Pursuant to the 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the Board of Directors (Board) is pleased to provide the Statement of Risk Management and Internal Control for the financial year ended 31 December 2017 which was prepared in accordance with Practice 9.1 and 9.2 of the Malaysia Code of Corporate Governance (MCCG) and the "Statement of Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, strategy, operational and compliance controls. The Board does not regularly review internal control systems of the associate company as the Board does not have direct control over their operations. Notwithstanding the above, the Group interest is served through representation on the board of the associate company and review of the management accounts and enquiries thereon.

The Board recognizes that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute assurance against the occurrence of any material misstatement, losses or fraud.

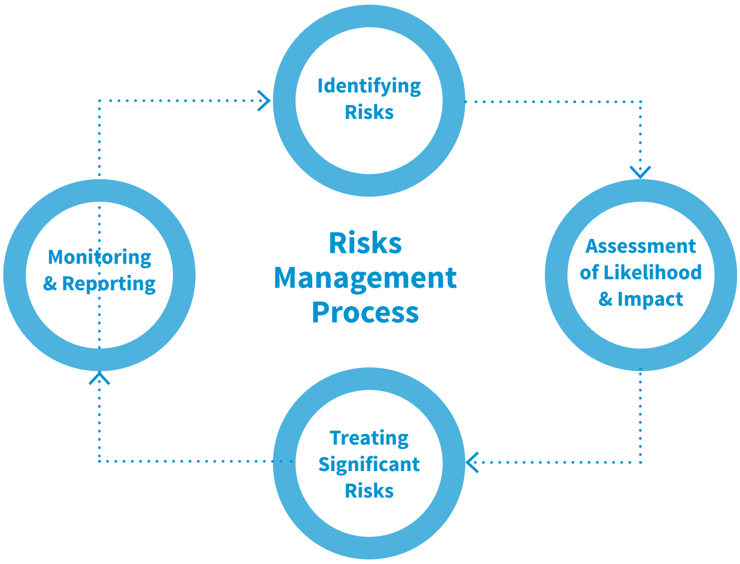
RISK MANAGEMENT

The Board has established an Enterprise Risk Management (ERM) 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 empowered the Risk Management Committee (RMC) to review and ensure the ERM framework is carried out within the Group. The RMC is chaired by an Executive Director and includes key representatives from the Group's subsidiaries.

During the financial year, four RMC meetings had been conducted to review and ensure relevant mitigation controls are carried out by the business units to mitigate significant business risk faced by the Group. The outcomes of the RMC meeting were present to the Board accordingly.

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



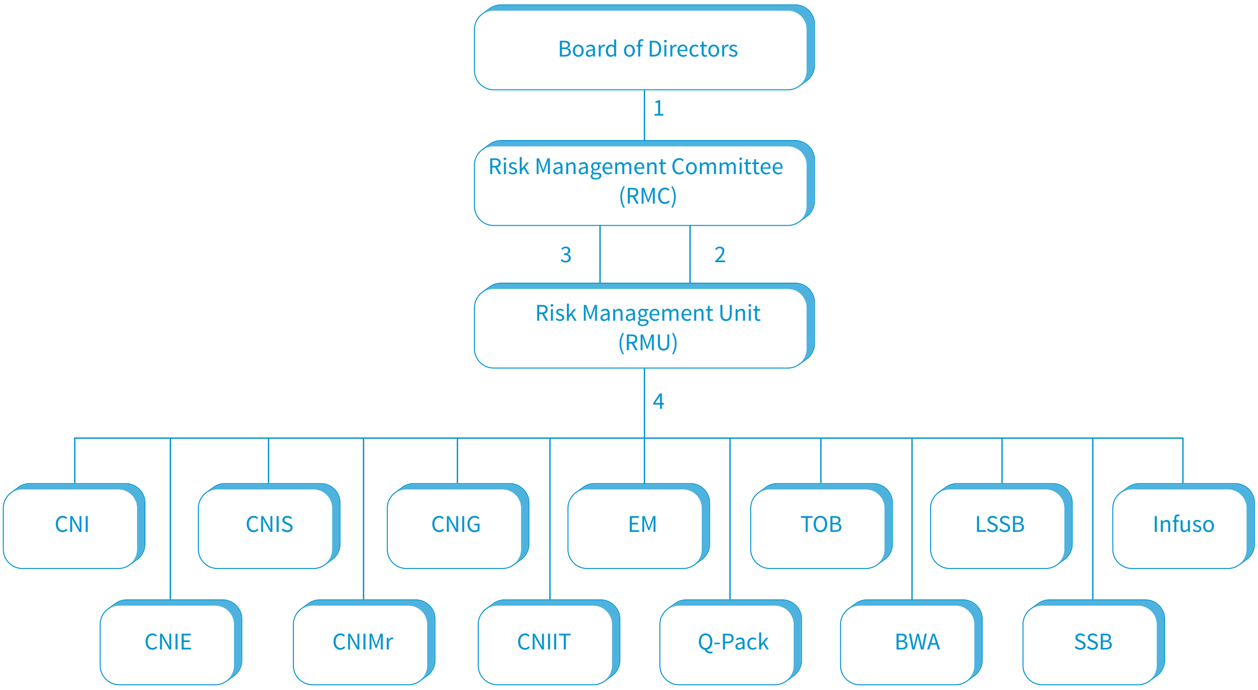
1. The RMC prioritises risk management strategies and coordinates with the risk owners of the respective business units to identify the key business risks towards achieving the business objectives and strategies.
2. The assessment of risks within the group is quantified through the use of a risk impact and likelihood matrix.
3. For each of the risks identified, the risk owner 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.

The Company has established a new Risk Management Committee (RMC) on 1 March 2018 in accordance with MCCG. The RMC is chaired by an Independent Non-Executive Directors and consist of the members with the majority being Independent Directors.

The main objectives of RMC are:

1. provides oversight, direction and counsel to the Group's risk management process which include establish the Group's Risk Management Framework (ERM), conduct an annual review and periodic testing of the Group's risk management framework, monitor the Group level risk exposure and management of the significant financial and non-financial risks identified, evaluate new risks identified by Risk Management Unit (RMU) including the likelihood of the emerging risks;
2. establish and periodically review the Group's risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them;
3. recommend for the Board's approval the Group's risk management framework, policies strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto;
4. evaluate the effectiveness of the RMU structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks; and
5. review the Group's sustainability strategies, policies, management, initiatives, targets and performance.

The governance structure of the risk management of the Group is as follows:



Notes:

1. RMC reports to the Board of Directors of CNI Holdings Berhad. The RMC reviews the strategies risks and risks affecting long-term success of the Group.

2. RMC priorities and accelerates risk management strategies and co-ordinates activities with the RMU.

3. RMU is responsible for implementation and coordination of the risk management process on behalf of the RMC. RMU also compiles and submits reports when necessary to the RMC.

4. RMU coordinates with the business units within the Group to identify and quantify business risks, operational risks, financial risks and compliance risks to ensure that arrangements are in place to manage those risks.

KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group's operations as follows:

1. The Group has clearly defined lines of responsibilities and authorization for day-to-day operations and accountability. A Delegated Authority Policy has been established and adopted within the Group to promote better control, accountability and corporate governance over operational, strategic and investment decision.

2. 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.

3. 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 approved financial budget are closely monitored. Explanation is provided for any major variances and action plan is formulated to increase likelihood of achieving the budgeted financial performance.

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

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

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.

Internal Audit Function

Pursuant to Paragraph 15.27 of MMLR, 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 control. 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. Further details of the internal audit department are set out in the Audit Committee Report on page 40 to 42 of this Annual Report.

Conclusion

The Board has reviewed and received assurance from the Group CEO and Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review.

The Board 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

As required by Paragraph 15.23 of MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report and have 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 covers CNI and its subsidiaries only and excludes associate company, CNI Corporation Sdn Bhd. It was approved by the Board of Directors on 5 April 2018.

Audit Committee Report

COMPOSITION

The Audit Committee ("AC") comprises four members, all of whom are Non-Executive Directors ("NEDs"); three being Independent NEDs. 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").

The AC Chairman, Mr. Lim Lean Eng (re-designated on 1 March 2018), is a fellow member of the Association of Chartered Certified Accountants (ACCA). Accordingly, the Company compliances with Paragraph 15.09(1)(c)(i) of the Listing Requirements. The Terms of Reference of the AC was reviewed and amended in February 2018 to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance (MCCG).

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ATTENDANCE AND MEETINGS

The AC members and their attendance at the AC meetings held during the financial year ended 31 December 2017 are as follows:

Members	Number of Meetings Attended
Lim Lean Eng (Redesignated on 1 March 2018) Chairman, Independent Non-Executive Director	6/6
Zulkifli Bin Mohamad Razali Member, Senior Independent Non-Executive Director	6/6
Dr. Ch'ng Huck Khoon (Redesignated on 1 March 2018) Member, Independent Non-Executive Director	5/6
Dato' Koh Peng Chor (Appointed on 1 March 2018) Member, , Non-Independent Non-Executive Director	N/A

The AC held six meetings in 2017 without the presence of other Directors and employees, except when the AC requested their attendance. The Group Chief Executive Officer (CEO) was invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the Group's operations. The Head of Internal Audit Department (IAD) attended all AC meetings to table the respective Internal Audit (IA) reports. The relevant responsible Management members of the respective auditees were invited to brief the AC on specific issues arising from the audit reports or any matters of interest.

Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for notation. In 2017, the AC Chairman presented to the Board the Committee's recommendations to approve the annual and quarterly financial statements. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the external auditors or internal auditors in the respective quarterly presentations.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the AC carries out its duties as set out in its Terms of Reference. The main activities undertaken were as follows:

Financial Reporting

1. Reviewed the quarterly unaudited financial results of the Group to ensure compliance with the MMLR, applicable approval accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors;
2. Reviewed the audited financial statements of the Group to ensure compliance with the applicable approval accounting standards and other statutory and regulatory requirements with the external auditors prior to submission to the Board for their consideration and approval;
3. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.

External Audit

During the year, the AC together with the external auditors:

1. Reviewed 2017 audit plan and scope of work for the Group;
2. Reviewed the audit fees, the number of experience of audit staff assigned to the audit engagement, resources and effectiveness of the external auditors;
3. Reviewed the performance of external auditors, their independence and objectivity;
4. Discussed on audit report and evaluation of the systems of the internal controls;
5. Reviewed major audit findings and reservations arising from the interim and final audits, significant accounting issues and any matter the external auditors may wish to discuss;
6. Reviewed the results of the audit of the financial statements and their report as well as the management's responses.

The AC met with the external auditors twice during the year in the absent of the Management to discuss amongst others, audit issues and reservations arising from the interim and final audits.

The external auditors have assured the AC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independence throughout the audit engagement for 2017.

The external auditors' non-audit service fees and the statutory audit fees are available on page 149 of this Annual Report.

Internal Audit

During the year, the AC:

1. Reviewed with IA on their annual audit plan which is risk-based and ensure adequate scope and comprehensive coverage over the operations of the Group;
2. Reviewed and deliberated the IA reports and to monitor / follow-up on remedial action;
3. Reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on timely basis;
4. Reviewed the adequacy of resource requirements and competencies of staff within IAD function to execute the annual audit plan and the results of the work;
5. Reviewed the effectiveness of IA processes and the resources allocated to IAD;
6. Reviewed the risk management updates from the Risk Management Committee meetings;
7. Reviewed the AC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and recommend to the Board for approval prior to their inclusion in the Company's Annual Report.

Related Party Transactions

1. Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for the Board's approval;
2. Monitored the related party transactions entered by the Company and the Group pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 25 May 2017;
3. Reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.

INTERNAL AUDIT FUNCTION

An in-house IA function has been established and the scope, responsibilities and authority of the IA activity are defined in the IA Charter. The IAD is led by Head of IA, which report directly to AC.

The principal objective of IAD is to undertake 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.

The IA personnel are free from any relationships or conflicts of interests which could impair their objectivity and independence in carrying out the function. IA personnel is able to access information to enable it carry out its functions effectively. The AC is satisfied that the internal auditors' independence have been maintained as adequate.

IAD adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas and activities that are aligned with the Group's strategic plans. IA function is carried out according to the International Professional Practices Framework (IPPF) where applicable. The IA Plan 2017 was reviewed and approved by the AC.

During the year, IAD has completed and issued the IA reports based on approved annual audit plan and ad hoc request from AC and Management. The audit assignments covered various operations management of the selected subsidiaries and risk management review within the Group. The reports are issued to AC and to the respective operations management, incorporating audit recommendations and Management's responses with regards to any audit finding on the weaknesses in the systems and controls of the operations.

The AC received quarterly reports and status of management actions from the IAD on audit reviews carried out, management's response to the findings and progress status in rectifying the identified issues. The management were made responsible and ensuring that corrective actions on the control deficiencies were taken within the required time frame.

As a value-added activity, IAD also performed data analysis on sales and distributionship for MLM segment and quarterly revenue and profit performance by respective companies within the group for AC review.

The total costs incurred for the in-house IA function for the financial year ended 31 December was RM206,327 (2016: RM213,000). The AC reviewed and approved the IAD budget and human resource requirements to ensure that the function is adequately resourced.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 (Act) to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysia Financial Reporting Standards (MFRSs), the 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 the financial position of the Group and of the Company with reasonable accuracy, enabling 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

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year attributable to:		
Owners of the Company	(2,082,291)	(1,364,388)
Non-controlling interests	683,607	-
	(1,398,684)	(1,364,388)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 220,000 of its issued ordinary shares from the open market at an average price of RM0.073 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM16,123. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 31 December 2017, the Company held a total of 7,057,100 ordinary shares of its 720,000,000 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM1,698,825. Further details are disclosed in Note 23 to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and at the date of this report are:

Dato' Koh Peng Chor
Koh How Loon
Chew Boon Swee
Dr. Ch'ng Huck Khoon
Zulkifli bin Mohamad Razali
Lim Lean Eng
Yee Kee Bing (Appointed on 1 January 2018)
Cheong Chin Tai (Resigned on 1 March 2018)
Law Yang Ket (Resigned on 1 March 2018)
Tan Sia Swee (Resigned on 1 March 2018)

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year and up to the date of this report are as follows:

Wong Siew Fong
Chan Kok Liang
Koh Tiah Siew
Koh Teng Kiat
Soo Wei Huey
Thong Lai Yeen
Chu Yang Ang
Jean Chuen-Jiang
Pana Viwatpanachat

DIRECTORS' INTERESTS

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 1.1.2017 Unit	**Bought Unit**	**Sold Unit**	**At 31.12.2017 Unit**
Name of Director				
Ordinary shares in the Company				
CNI Holdings Berhad				
Direct interest:				
- Dato' Koh Peng Chor	5,028,680	-	-	5,028,680
- Cheong Chin Tai	660,000	-	-	660,000
- Chew Boon Swee	1,128,614	-	-	1,128,614
- Koh How Loon	1,679,180	-	-	1,679,180
- Law Yang Ket	4,691,898	-	-	4,691,898

DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares			
	At 1.1.2017 Unit	Bought Unit	Sold Unit	At 31.12.2017 Unit
Name of Director				
Ordinary shares in the Company				
CNI Holdings Berhad				
Indirect interest:				
- Dato' Koh Peng Chor	372,483,483	1,500,000	-	373,983,483
- Koh How Loon	369,171,643	1,500,000	-	370,671,643
- 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
Name of Director				
Ordinary shares in the Ultimate Holding Company				
Marvellous Heights Sdn. Bhd.				
Direct interest:				
- Dato' Koh Peng Chor	71,660	-	-	71,660
- Chew Boon Swee	7,902	-	-	7,902
- Law Yang Ket	10,262	-	-	10,262
Indirect interest:				
- Dato' Koh Peng Chor	137,989	-	-	137,989
- Koh How Loon	137,989	-	-	137,989
- Tan Sia Swee	35,364	-	-	35,364

Dato' Koh Peng Chor and Koh How Loon are deemed to have interest in the shares held by the Company in its subsidiaries by virtue of their substantial interest in shares of the Company.

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

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Salaries and other emoluments	508,000	883,210
Fee	444,000	8,502
Contributions to defined contribution plan and social security contribution	55,981	100,616
Benefit-in-kind	39,121	17,781
Retirement benefit	1,003,291	(814,781)
	2,050,393	195,328

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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, other than as disclosed in Note 30 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts has been written off and that adequate provision had been made for doubtful debts; and

  (ii) 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 have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

  (iii) 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; or

  (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to be 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 and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) 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.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is RM189,097.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiary by any Director or past Director of the Company.

(g) The Company maintains a liability insurance for the Directors and Officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group. The amount of insurance premium paid for the financial year ended 31 December 2017 was RM14,000.

There was no indemnity given to or insurance effected for auditor of the Company.

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2018.

KOH HOW LOON

CHEW BOON SWEE

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 56 to 147 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2018.

KOH HOW LOON

CHEW BOON SWEE

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, Lim Hiau Win, 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 56 to 147 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 10 April 2018

LIM HIAU WIN

Before me,

Commissioner for Oaths

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CNI HOLDINGS BERHAD
Company No.: 181758-A
(Incorporated in Malaysia)

Report on the Audit of 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 2017 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 147.

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 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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 IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CNI HOLDINGS BERHAD (CONT'D)
Company No.: 181758-A
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Key audit matters	Our audit performed and responses thereon
Recognition of deferred tax assets As at 31 December 2017, the Group recognised net deferred tax assets of RM442,923 as disclosed in Note 16 to the financial statements. The net deferred tax assets are mainly contributed by one of the subsidiary which recognised a net deferred tax asset of RM667,000 comprising mainly unutilised tax losses. The recognition of deferred tax assets relies on the application of judgement by the Directors in respect of assessing the probability and sufficiency of future taxable profits to utilise such tax losses in the future. Due to the associated uncertainty surrounding recoverability of the deferred tax assets, this is considered a key audit matter.	We have performed the following procedures: • Compared management's forecasts and projections of future profits to historical results and evaluated the assumptions used in the forecasts and projections. • Tested the mathematical accuracy of the forecasts and projections calculation. • Performed a sensitivity analysis around the key inputs that are expected to be most sensitive to the future taxable profits. • Assessed the adequacy of the disclosures on the deferred tax assets

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CNI HOLDINGS BERHAD (CONT'D)
Company No.: 181758-A
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Key audit matters	Our audit performed and responses thereon
Investment in an associate As at 31 December 2017, the Group and the Company have an investment in an associate with the carrying amounts of RM2,085,587 and RM4,866,282 respectively as disclosed in Note 15 to the financial statements. This is considered a key audit matter in view of the significant judgements involved in the management's impairment assessment of the investment in associate. The determination of its recoverable amount for impairment assessment is subject to significant management judgement and estimates about the future results. The key assumptions include forecast growth in future revenues and operating profit margin, as well as determining an appropriate pre-tax discount rate and growth rates.	We have performed the following procedures: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors of the associate. • Compared the key assumptions including forecasted revenue, growth rates, gross margin and discount rates against our knowledge of the associate's historical performance and business strategies based on facts and circumstances currently available. • Performed a sensitivity analysis by changing certain key assumptions used in the forecasts and projections calculations and assessed the impact of the recoverable amounts of the investment in the associate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CNI HOLDINGS BERHAD (CONT'D)
Company No.: 181758-A
(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 the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CNI HOLDINGS BERHAD (CONT'D)
Company No.: 181758-A
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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:

(a) 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.

(b) 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 of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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.

(e) 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.

(f) 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 (CONT'D)
Company No.: 181758-A
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 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 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other matters

This report is made solely to the members of the Company as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

The comparative figures were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on 6 April 2017.

MOORE STEPHENS ASSOCIATES PLT
LLP0000963-LCA & AF002096
Chartered Accountants

STEPHEN WAN YENG LEONG
02963/07/2019 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 10 April 2018

Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2017

		Group		Company	
			Restated		
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	4	85,038,117	88,121,327	2,602,293	3,269,264
Direct operating costs	5	(34,791,302)	(34,445,363)	(4,626)	(6,999)
Gross profit		50,246,815	53,675,964	2,597,667	3,262,265
Other income		4,862,946	4,700,807	1,112,942	916,505
Distribution costs		(33,139,607)	(39,924,021)	-	-
Administrative costs		(18,657,760)	(21,154,773)	(3,749,220)	(3,790,572)
Other expenses		(2,578,678)	(2,375,995)	(324,626)	(1,407,187)
Profit/(Loss) from operations		733,716	(5,078,018)	(363,237)	(1,018,989)
Finance costs		(71,699)	(8,973)	(5,355)	-
Share of results of associate		(677,443)	(884,638)	-	-
Loss before tax	6	(15,426)	(5,971,629)	(368,592)	(1,018,989)
Tax (expense)/credit	7	(1,383,258)	843,238	(995,796)	-
Loss net of tax, for the financial year		(1,398,684)	(5,128,391)	(1,364,388)	(1,018,989)
Other comprehensive income, net of tax					
Foreign currency translation difference for foreign operations		122,734	(327,128)	-	-
Defined benefit plan actuarial gain		88,174	473,245	66,196	240,956
Share of other comprehensive income of associate		146,030	489,962	-	-
Total other comprehensive income for the year		356,938	636,079	66,196	240,956
Total comprehensive income for the year		(1,041,746)	(4,492,312)	(1,298,192)	(778,033)

Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2017

		Group		Company	
			Restated		
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Loss for the year attributable to:					
Owners of the parent		(2,082,291)	(5,110,245)	(1,364,388)	(1,018,989)
Non-controlling interests		683,607	(18,146)	-	-
		(1,398,684)	(5,128,391)	(1,364,388)	(1,018,989)
Total comprehensive income attributable to:					
Owners of the parent		(1,755,374)	(4,474,166)	(1,298,192)	(778,033)
Non-controlling interests		713,628	(18,146)	-	-
		(1,041,746)	(4,492,312)	(1,298,192)	(778,033)
Basic loss per ordinary share (sen)	8	(0.29)	(0.72)		

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

Statements Of Financial Position

As At 31 December 2017

		Group		Company	
			Restated		
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	34,576,892	34,978,065	539,656	315,669
Investment properties	10	2,369,550	1,400,000	1,800,000	1,400,000
Intangible assets	11	1,291,954	1,616,948	9,871	10,227
Investment in preference shares	12	3,500,000	3,500,000	-	-
Other investment	13	1	1	1	1
Investment in subsidiaries	14	-	-	79,921,374	79,921,374
Investment in an associate	15	2,085,587	2,611,217	4,866,282	4,866,282
Deferred tax assets	16	1,248,964	2,167,876	-	995,796
Goodwill on consolidation	17	-	-	-	-
		45,072,948	46,274,107	87,137,184	87,509,349
Current assets					
Inventories	18	14,142,774	13,443,183	-	-
Trade receivables	19	13,502,608	11,035,745	-	-
Other receivables	20	5,229,403	6,244,948	4,948,724	5,799,910
Tax recoverable		563,507	894,805	28,496	62,021
Cash and cash equivalents	21	21,996,314	23,398,911	5,565,878	7,786,024
		55,434,606	55,017,592	10,543,098	13,647,955
Total assets		**100,507,554**	**101,291,699**	**97,680,282**	**101,157,304**

Statements Of Financial Position

As At 31 December 2017

		Group		Company	
			Restated		
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	72,000,000	72,000,000	72,000,000	72,000,000
Treasury shares	23	(1,698,825)	(1,682,702)	(1,698,825)	(1,682,702)
Translation reserve	24	(671,976)	(910,719)	-	-
Retained earnings		4,870,874	6,864,991	24,712,075	26,010,267
Equity attributable to owners of the parent		74,500,073	76,271,570	95,013,250	96,327,565
Non-controlling interests		1,481,862	968,234	-	-
Total equity		75,981,935	77,239,804	95,013,250	96,327,565
LIABILITIES					
Non-current liabilities					
Finance lease liabilities	25	848,538	117,267	100,795	-
Retirement benefits	26	4,111,149	7,010,814	2,267,015	4,329,920
Deferred tax liabilities	16	806,041	1,355,062	-	-
		5,765,728	8,483,143	2,367,810	4,329,920
Current liabilities					
Finance lease liabilities	25	465,567	85,046	100,830	-
Trade payables	27	4,536,261	4,362,361	-	-
Other payables	28	13,212,198	10,681,075	198,392	499,819
Provision for employee benefits	29	-	43,885	-	-
Tax payable		545,865	396,385	-	-
		18,759,891	15,568,752	299,222	499,819
Total liabilities		24,525,619	24,051,895	2,667,032	4,829,739
Total equity and liabilities		100,507,554	101,291,699	97,680,282	101,157,304

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2017

		Attributable to owners of the Parent						
		Non-distributable			Distributable			
	Note	Share Capital RM	Translation Reserve RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2016 (as previously reported)		72,000,000	(1,327,935)	(1,674,196)	13,794,949	82,792,818	986,380	83,779,198
Prior year adjustment		-	254,382	-	(153,319)	101,063	-	101,063
At 1 January 2016 (as restated)		72,000,000	(1,073,553)	(1,674,196)	13,641,630	82,893,881	986,380	83,880,261
Foreign currency translation difference for foreign operations		-	(327,128)	-	-	(327,128)	-	(327,128)
Defined benefit plan actuarial gain	26	-	-	-	473,245	473,245	-	473,245
Prior year adjustment	38	-	489,962	-	-	489,962	-	489,962
Total other comprehensive income for the financial year (as restated)		-	162,834	-	473,245	636,079	-	636,079
Loss net of tax		-	-	-	(4,519,220)	(4,519,220)	(18,146)	(4,537,366)
Prior year adjustment	38	-	-	-	(591,025)	(591,025)	-	(591,025)
Total comprehensive income for the financial year (as restated)		-	162,834	-	(4,637,000)	(4,474,166)	(18,146)	(4,492,312)
Shares repurchased		-	-	(8,506)	-	(8,506)	-	(8,506)
Dividend	31	-	-	-	(2,139,639)	(2,139,639)	-	(2,139,639)
Total transactions with owners of the parent		-	-	(8,506)	(2,139,639)	(2,148,145)	-	(2,148,145)
At 31 December 2016 (as restated)		72,000,000	(910,719)	(1,682,702)	6,864,991	76,271,570	968,234	77,239,804

	Note	Attributable to owners of the Parent						
		Non-distributable			Distributable			
	Note	Share Capital RM	Translation Reserve RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2017 (as restated)		72,000,000	(910,719)	(1,682,702)	6,864,991	76,271,570	968,234	77,239,804
Foreign currency translation difference for foreign operations		-	92,713	-	-	92,713	30,021	122,734
Defined benefit plan actuarial gain	26	-	-	-	88,174	88,174	-	88,174
Share of other comprehensive income of associate		-	146,030	-	-	146,030	-	146,030
Total other comprehensive income for the financial year		-	238,743	-	88,174	326,917	30,021	356,938
(Loss)/Profit net of tax		-	-	-	(2,082,291)	(2,082,291)	683,607	(1,398,684)
Total comprehensive income for the financial year		-	238,743	-	(1,994,117)	(1,755,374)	713,628	(1,041,746)
Shares repurchased		-	-	(16,123)	-	(16,123)	-	(16,123)
Disposal of non-controlling interest		-	-	-	-	-	(200,000)	(200,000)
Total transactions with owners of the parent		-	-	(16,123)	-	(16,123)	(200,000)	(216,123)
At 31 December 2017		72,000,000	(671,976)	(1,698,825)	4,870,874	74,500,073	1,481,862	75,981,935

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2017

	Note	Non-distributable Share Capital RM	Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 1 January 2016		72,000,000	(1,674,196)	28,927,939	99,253,743
Defined benefit plan actuarial gain, representing total other comprehensive income	26	-	-	240,956	240,956
Loss net of tax		-	-	(1,018,989)	(1,018,989)
Total comprehensive income for the financial year		-	-	(778,033)	(778,033)
Shares repurchased		-	(8,506)	-	(8,506)
Dividend	31	-	-	(2,139,639)	(2,139,639)
Total transactions with owners of the Company		-	(8,506)	(2,139,639)	(2,148,145)
At 31 December 2016		72,000,000	(1,682,702)	26,010,267	96,327,565
At 1 January 2017		72,000,000	(1,682,702)	26,010,267	96,327,565
Defined benefit plan actuarial gain, representing total other comprehensive income	26	-	-	66,196	66,196
Loss net of tax		-	-	(1,364,388)	(1,364,388)
Total comprehensive income for the financial year		-	-	(1,298,192)	(1,298,192)
Shares repurchased, representing total transactions with owners of the Company		-	(16,123)	-	(16,123)
At 31 December 2017		72,000,000	(1,698,825)	24,712,075	95,013,250

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2017

		Group		Company	
			Restated		
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
Loss before tax		(15,426)	(5,971,629)	(368,592)	(1,018,989)
Adjustments for:					
Amortisation of intangible assets		393,159	525,256	2,035	3,277
Bad debts written off		30,030	242,775	-	-
Depreciation of property, plant and equipment		2,382,785	2,268,147	71,307	47,349
Dividend income		-	(840,000)	(1,000,000)	(1,600,000)
Fair value gain on investment property		(400,000)	-	(400,000)	-
Loss on disposal of intangible assets		166	-	-	-
(Gain)/Loss on disposal of property, plant and equipment		(88,591)	24,363	-	-
Loss on disposal of a subsidiary		49,507	-	-	-
Impairment loss on:					
- Goodwill		-	200,000	-	-
- Other investment		-	1,254,011	-	1,254,011
- Other receivables		381,645	130,726	-	-
- Property, plant and equipment		-	76,979	-	-
- Trade receivables		108,822	201,253	-	-
- Amount due from subsidiary		-	-	207,158	-
Intangible assets written off		5,369	154	-	-
Interest expense		22,475	8,973	5,355	-
Interest income		(474,756)	(672,089)	(330,162)	(453,500)
Inventories written off		204,102	572,160	-	-
Inventories written down		353,371	263,275	-	-
(Reversal of)/ Provision for employee benefit expense		(43,885)	2,587	-	-
Property, plant and equipment written off		124,588	481,212	14	2,465
Retirement benefit expense		188,509	660,801	1,003,291	530,028
Reversal of impairment loss on:					
- Amount owing by a subsidiary		-	-	-	(454,555)
- Trade receivables		(83,918)	(298,868)	-	-
- Other receivables		(1,184)	(3,390)	-	-
- Property, plant and equipment		-	(408,236)	-	-
Share of results of associate		677,443	884,638	-	-
Share of other comprehensive income of associate		(146,030)	-	-	-
Unrealised loss/(gain) on foreign exchange		1,555,989	(894,499)	55,297	52,077
Operating profit/(loss) before changes in working capital, balance carried down		5,224,170	(1,291,401)	(754,297)	(1,637,837)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2017

		Group		Company	
			Restated		
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Operating profit/(loss) before changes in working capital, balance brought forward		5,224,170	(1,291,401)	(754,297)	(1,637,837)
Changes in working capital:					
Inventories		(1,240,458)	78,674	-	-
Receivables		(3,593,718)	2,036,581	588,731	(270,832)
Payables		2,460,286	(1,083,913)	(301,427)	262,190
Net cash flow generated from/ (used in) operating activities		2,850,280	(260,059)	(466,993)	(1,646,479)
Dividend received		-	840,000	1,000,000	1,600,000
Interest received		474,756	672,089	330,162	453,500
Interest paid		(22,475)	(8,973)	(5,355)	-
Tax refund		213,242	339,645	33,525	66,176
Tax paid		(747,093)	(330,395)	-	-
Net cash from operating activities		2,768,710	1,252,307	891,339	473,197
Cash Flows from Investing Activities					
Proceeds from disposal of intangible assets		2,206	1,331	336	481
Proceeds from disposal of property, plant and equipment		309,698	97,786	709	1,632
Purchase of intangible assets		(232,285)	(153,889)	(2,015)	(1,580)
Purchase of property, plant and equipment		(1,039,252)	(1,342,897)	(16,017)	(5,568)
Net cash inflow of disposal of a subsidiary	14	200,908	-	-	-
Net cash used in investing activities		(758,725)	(1,397,669)	(16,987)	(5,035)

	Note	Group 2017 RM	Group Restated 2016 RM	Company 2017 RM	Company 2016 RM
Cash Flows from Financing Activities					
Repayment to subsidiaries		-	-	-	1,519,445
Payment of retirement benefit expense		(3,000,000)	-	(3,000,000)	-
Purchase of treasury shares		(16,123)	(8,506)	(16,123)	(8,506)
Repayment of finance lease liabilities		(209,788)	(61,130)	(78,375)	-
Dividend paid	31	-	(2,139,639)	-	(2,139,639)
Net cash used in financing activities		(3,225,911)	(2,209,275)	(3,094,498)	(628,700)
Net decrease in cash and cash equivalents		(1,215,926)	(2,354,637)	(2,220,146)	(160,538)
Cash and cash equivalents at beginning of the financial year		23,398,911	26,004,638	7,786,024	7,946,562
Effect of exchange rate changes on cash and cash equivalents held		(186,671)	(251,090)	-	-
Cash and cash equivalents at the end of the financial year	(i)	21,996,314	23,398,911	5,565,878	7,786,024

(i) Cash and cash equivalents comprise of the following:

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Fixed deposits placed with licensed banks		1,541,027	2,537,015	-	-
Cash and bank balances		8,560,678	7,706,566	458,863	209,375
Short-term fund		11,894,609	13,155,330	5,107,015	7,576,649
		21,996,314	23,398,911	5,565,878	7,786,024

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

1. CORPORATE INFORMATION

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

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 provision of management services. The principal activities of its subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 10 April 2018.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

(i) Adoption of New MFRS and Amendments/Improvements to MFRSs

The Group and the Company had adopted the following new MFRS and amendments/improvements to MFRSs that are mandatory as follows:-

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiatives
Annual Improvements to MFRSs 2014 – 2016 Cycle	

The adoption of the new MFRS and amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

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

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

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Clarification to MFRS 15	Revenue from Contract with Customers
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property (Transfers of Investment Property)
IC Interpretation 22	Foreign Currency Transactions and Advances Consideration
Annual Improvements to MFRSs 2014 – 2016 Cycle	

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Feature with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Annual Improvements to MFRSs 2015 – 2017 Cycle	

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

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

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

MFRS 9, Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and of the Company's financial assets, but no impact on the classification and measurement of the Group's and of the Company's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company are currently assessing the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group and to the Company.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and establishes a new five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of this Standard and plan to adopt this Standard on the required effective date.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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

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

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease- Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on- balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are currently assessing the impact of MFRS 16 and plan to adopt the new standards on the required effective date.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statement of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

2. BASIS OF PREPARATION (CONT'D)

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

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

(a) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight line balance method. The Directors estimate the useful lives of these property, plant and equipment to be within 5 to 50 years.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

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

The Group and the Company have developed certain criteria based on MFRS140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals of for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

2. BASIS OF PREPARATION (CONT'D)

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

(d) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimation of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(e) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(f) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loan and receivables at the reporting date are disclosed in note to the financial statements.

(g) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(h) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

2. BASIS OF PREPARATION (CONT'D)

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

(i) Fair values of investment properties

Investment properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters.

Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(j) Defined benefit plan

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 details of the other assumptions are further disclosed in Note 26.

(k) 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.

(l) Operating lease commitments – lessor

The Group and the Company have entered into commercial property leases on its investment 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.

2. BASIS OF PREPARATION (CONT'D)

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

(m) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investment in subsidiaries.

(n) Fair value estimates for certain financial assets and liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the parent.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Subsidiaries (cont'd)

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of 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 to fund the associate's operations 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 a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in 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 re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

Non-Controlling Interests

Non-controlling interest in a partly-owned subsidiary represents its share of net assets, other than goodwill, of the subsidiary and is presented as a component of equity separately from owner's equity. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Non-Controlling Interests (cont'd)

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the owners of the parent.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, 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 investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations denominated in functional currencies other than Ringgit Malaysia

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

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(ii) Foreign operations denominated in functional currencies other than Ringgit Malaysia (cont'd)

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

(c) Revenue and other income

Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

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.

Dividend income

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

Interest income

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

Management fees

Management fees are recognised when services are rendered.

(d) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Employee benefits (cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

The Group's and the Company's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the end of the reporting period on government bond that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group and the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group and the Company. An economic benefit is available to the Group and the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group and the Company recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group and the Company recognise gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Borrowing costs

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 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Income taxes (cont'd)

Deferred tax (cont'd)

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

(g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance Lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and 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 asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating Lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(i) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Buildings	2%
Plant & machinery & laboratory equipment	10%
Motor vehicles	10% - 20%
Office equipment, furniture & fittings, renovation, electrical installation & computer hardware	10% - 20%

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

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(j) Capital Work-In-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

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

(k) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gain or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under and operating lease classified as an investment property is carried at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Investment property (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year in which they arise.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss.

Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment of inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(l) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the profit or loss.

Other intangible assets

Intangible assets, other than goodwill, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets, other than goodwill, which have indefinite lives and are not yet available for use are stated at cost less impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Intangible assets (cont'd)

Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Computer software	10% - 20%
Trademark	2%

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(m) 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: cost 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.
- consumable tools, merchandised goods, packaging materials and sales aid items: purchase costs on a weighted average cost basis.

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

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, fixed deposits placed with licensed banks and short-term fund that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company have a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

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 policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(b) Loans and receivables

Loans and receivables category comprises debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

The Group and the Company categorise financial instruments as follows: (cont'd)

Financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

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. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

(iv) 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 specific debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments (cont'd)

(v) 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. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) 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.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. 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 equity 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 or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(p) Impairment

(i) Financial assets

All financial assets, other than those at fair value through profit or loss and investments in subsidiaries, are assessed at each reporting date 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 asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment (cont'd)

(i) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Available-for-sale investments

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

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised as other comprehensive income in available-for-sale reserve.

Unquoted equity securities carried at cost

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

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, non-current assets classified as held for sale and assets of disposal group 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 then the asset's recoverable amount is estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment (cont'd)

(ii) Non-financial asset (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(q) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Equity instruments (cont'd)

Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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 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 are 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.

4. REVENUE

	Group		Company	
		Restated		
	2017	2016	2017	2016
	RM	RM	RM	RM
Sales of goods	84,081,039	87,227,484	-	-
Sales of food and beverage	837,078	773,843	-	-
Management fees	-	-	1,482,293	1,549,264
Rental income from investment properties	120,000	120,000	120,000	120,000
Dividend income	-	-	1,000,000	1,600,000
	85,038,117	88,121,327	2,602,293	3,269,264

5. DIRECT OPERATING COSTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cost of goods sold	33,479,649	33,069,649	-	-
Cost of food and beverages sold	1,307,027	1,368,715	-	-
Operating expenses of income generated from investment properties	4,626	6,999	4,626	6,999
	34,791,302	34,445,363	4,626	6,999

6. LOSS BEFORE TAX

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Amotisation of intangible assets	393,159	525,256	2,035	3,277
Auditors' remuneration:				
- Statutory audits				
- Current year	199,233	242,849	13,000	20,100
- Other services	3,000	12,000	3,000	12,000
Bad debts written off	30,030	242,775	-	-
Depreciation of property, plant and equipment	2,382,785	2,268,147	71,307	47,349
Dividend income from				
- Preference Shares (Note 12)	-	(840,000)	-	-
- Subsidiaries	-	-	(1,000,000)	(1,600,000)
Employees benefit expenses [Note 6(a)]	21,970,968	23,961,343	2,946,840	2,726,692
Fair value gain on investment property	(400,000)	-	(400,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(88,591)	24,363	-	-
Loss on disposal of intangible assets	166	-	-	-
Loss on disposal of a subsidiary	49,507	-	-	-

6. LOSS BEFORE TAX (CONT'D)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Gain)/Loss on foreign exchange:				
- Realised	(296,175)	(76,930)	513	17,658
- Unrealised	1,555,989	(894,499)	55,297	52,077
Impairment loss on:				
- Goodwill	-	200,000	-	-
- Other investment	-	1,254,011	-	1,254,011
- Other receivable	381,645	130,726	-	-
- Property, plant and equipment	-	76,979	-	-
- Trade receivables	108,822	201,253	-	-
- Amount owing by subsidiary	-	-	207,158	-
Intangible assets written off	5,369	154	-	-
Interest expense:				
- term loan	-	2,222	-	-
- finance lease liabilities	22,475	6,751	5,355	-
Interest income	(474,756)	(672,089)	(330,162)	(453,500)
Inventories written off	204,102	572,160	-	-
Inventories written down	353,371	263,275	-	-
Property, plant and equipment written off	124,588	481,212	14	2,465
Rental income	(598,854)	(431,222)	-	-
Rental of premises	1,635,759	739,204	194,720	229,440
Rental of equipment	8,236	15,584	-	-
(Reversal of)/Provision for employee benefits	(43,885)	2,587	-	-
Retirement benefits expense	188,509	660,801	1,003,291	530,028
Reversal of impairment loss on:				
- Amount owing by subsidiary	-	-	-	(454,555)
- Trade receivables	(83,918)	(298,868)	-	-
- Other receivables	(1,184)	(3,390)	-	-
- Property, plant and equipment	-	(408,236)	-	-

6. LOSS BEFORE TAX (CONT'D)

(a) Employees benefit expenses comprise:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Staff costs				
Salaries, wages, allowances, overtime and benefits	16,651,057	17,610,727	834,160	1,092,678
Contributions to defined contribution plan and social security contribution	1,698,946	1,743,013	101,408	116,405
	18,350,003	19,353,740	935,568	1,209,083
Executive Directors				
Fees	128,769	187,950	-	-
Salaries and other emoluments	2,556,616	2,896,313	459,000	466,154
Contributions to defined contribution plan and social security contribution	297,956	394,952	55,981	56,427
Retirement benefits	188,509	660,801	1,003,291	530,028
	3,171,850	4,140,016	1,518,272	1,052,609
Non-executive Directors				
Fees	444,000	432,000	444,000	432,000
Other emoluments	49,000	33,000	49,000	33,000
	493,000	465,000	493,000	465,000
Total Directors' remuneration	3,664,850	4,605,016	2,011,272	1,517,609
(Reversal of)/Provision for employee benefits	(43,885)	2,587	-	-
Total employee benefit expenses	21,970,968	23,961,343	2,946,840	2,726,692

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 RM81,426 (2016: RM49,000) and RM39,121 (2016: RM24,850) respectively.

7. TAX EXPENSE/ (CREDIT)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current income tax:				
Current year	874,178	301,195	-	-
Under/(Over)provision in prior financial year	80,040	(173,681)	-	-
	954,218	127,514	-	-
Deferred tax (Note 16):				
Origination/(reversal) of temporary differences	294,381	(10,530)	995,796	-
Under/(Over)provision in prior financial year	134,659	(960,222)	-	-
	429,040	(970,752)	995,796	-
	1,383,258	(843,238)	995,796	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. TAX EXPENSE/ (CREDIT) (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Loss before tax	(15,426)	(5,971,629)	(368,592)	(1,018,989)
Tax at the Malaysian statutory income tax rate of 24%	(3,702)	(1,433,191)	(88,462)	(244,557)
Effect of different tax rates in other countries	(224,024)	36,931	-	-
Tax effect arising from:				
- Non-deductible expenses	832,283	1,832,620	81,751	322,606
- Double deduction expenses	(47,326)	(81,737)	-	-
- Income not subject to tax	(228,779)	(803,801)	(175,239)	(448,987)
Deferred tax assets not recognised	892,258	734,056	1,177,746	207,306
Losses surrendered under group relief	(46,368)	-	-	163,632
Under/(Over)provision in prior financial year:				
- Income tax	80,040	(173,681)	-	-
- Deferred tax	134,659	(960,222)	-	-
Share of associate's tax	(5,783)	5,787	-	-
	1,383,258	(843,238)	995,796	-

The Group has estimated unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances available for set-off against future taxable profits as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unutilised tax losses	42,573,542	45,886,022	14,946,071	7,266,510
Unabsorbed capital allowances	3,443,527	1,919,733	108,939	78,739
Unutilised reinvestment allowances	43,323	-	-	-
	46,060,392	47,805,755	15,055,010	7,345,249

The availability of the tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

8. LOSS PER SHARE

Basic loss per ordinary share for the financial year is calculated by dividing the loss after tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	2016
	RM	RM
Loss after tax attributable to the owners of the parent	(2,082,291)	(5,110,245)
Weighted average number of ordinary shares for basic loss per share computation (adjusted for treasury shares)	713,029,566	713,203,698
Basic loss per ordinary share (sen)	(0.29)	(0.72)

Diluted loss per share is the same as basic loss per share as there is no dilutive potential ordinary shares outstanding during the financial year.

9. PROPERTY, PLANT AND EQUIPMENT

2017	Note	Freehold land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Office Equipment, Furniture & Fittings, Renovation, Electrical Installation & Computer Hardware RM	Capital Work-in-progress RM	Total RM
Group								
Cost								
At 1 January 2017		4,621,097	34,470,129	24,339,140	4,025,635	18,892,756	391,779	86,740,536
Additions	(ii)	-	-	537,229	1,023,237	226,818	573,710	2,360,994
Disposals		-	-	(29,790)	(1,157,822)	(607,106)	-	(1,794,718)
Disposal of a subsidiary		-	-	-	-	(21,065)	-	(21,065)
Reclassification		-	1,245,785	(144,867)	-	(1,100,918)	-	-
Written off		-	-	(40,095)	-	(636,921)	-	(677,016)
Exchange differences		-	(21,541)	(20,780)	(1,188)	(21,693)	-	(65,202)
At 31 December 2017		4,621,097	35,694,373	24,640,837	3,889,862	16,731,871	965,489	86,543,529
Accumulated depreciation								
At 1 January 2017		-	11,662,609	22,266,579	3,094,555	14,264,577	-	51,288,320
Charge for the financial year		-	807,579	410,028	258,450	906,728	-	2,382,785
Disposals		-	-	(28,946)	(1,131,674)	(412,991)	-	(1,573,611)
Disposal of a subsidiary		-	-	-	-	(11,580)	-	(11,580)
Reclassification		-	544,254	(62,454)	-	(481,800)	-	-
Written off		-	-	(39,519)	-	(501,655)	-	(541,174)
Exchange differences		-	(13,769)	(11,273)	(1,144)	(12,981)	-	(39,167)
At 31 December 2017		-	13,000,673	22,534,415	2,220,187	13,750,298	-	51,505,573

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2017	Note	Freehold land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Office Equipment, Furniture & Fittings, Renovation, Electrical Installation & Computer Hardware RM	Capital Work-in-progress RM	Total RM
Group (cont'd)								
Accumulated impairment								
At 1 January 2017		-	-	-	-	82,373	391,778	474,151
Written off		-	-	-	-	(11,254)	-	(11,254)
Exchange differences		-	-	-	-	(1,833)	-	(1,833)
At 31 December 2017		-	-	-	-	69,286	391,778	461,064
Net carrying amount								
At 31 December 2017		4,621,097	22,693,700	2,106,422	1,669,675	2,912,287	573,711	34,576,892

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2016	Note	Freehold land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Office Equipment, Furniture & Fittings, Renovation, Electrical Installation & Computer Hardware RM	Capital Work-in-progress RM	Total RM
Group								
Cost								
At 1 January 2016		4,621,097	34,470,129	23,777,947	4,165,662	18,951,185	391,779	86,377,799
Additions	(ii)	-	-	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)
Exchange differences		-	-	72,948	4,985	111,552	-	189,485
At 31 December 2016		4,621,097	34,470,129	24,339,140	4,025,635	18,892,756	391,779	86,740,536
Accumulated depreciation								
At 1 January 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)
Exchange differences		-	-	30,188	3,291	60,451	-	93,930
At 31 December 2016		-	11,662,609	22,266,579	3,094,555	14,264,577	-	51,288,320

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2016	Note	Freehold land RM	Buildings RM	Plant & Machinery & Laboratory Equipment RM	Motor Vehicles RM	Office Equipment, Furniture & Fittings, Renovation, Electrical Installation & Computer Hardware RM	Capital Work-in-progress RM	Total RM
Group (cont'd)								
Accumulated impairment								
At 1 January 2016		-	-	-	-	410,884	391,778	802,662
Impairment during the financial year		-	-	-	-	76,979	-	76,979
Reversal during the financial year		-	-	-	-	(408,236)	-	(408,236)
Exchange differences		-	-	-	-	2,746	-	2,746
At 31 December 2016		-	-	-	-	82,373	391,778	474,151
Net carrying amount								
At 31 December 2016		4,621,097	22,807,520	2,072,561	931,080	4,545,806	1	34,978,065

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor Vehicles RM	Office Equipment, Furniture & Fittings RM	Computer Hardware RM	Total RM
2017				
Company				
Cost				
At 1 January 2017	396,500	4,193	73,519	474,212
Additions	294,401	-	1,616	296,017
Disposals	-	-	(2,490)	(2,490)
Written off	-	-	(172)	(172)
At 31 December 2017	690,901	4,193	72,473	767,567
Accumulated depreciation				
At 1 January 2017	105,009	2,238	51,296	158,543
Charge for the financial year	64,906	261	6,140	71,307
Disposals	-	-	(1,781)	(1,781)
Written off	-	-	(158)	(158)
At 31 December 2017	169,915	2,499	55,497	227,911
Net carrying amount				
At 31 December 2017	520,986	1,694	16,976	539,656
2016				
Company				
Cost				
At 1 January 2016	396,500	4,193	77,660	478,353
Additions	-	-	5,568	5,568
Disposals	-	-	(3,840)	(3,840)
Written off	-	-	(5,869)	(5,869)
At 31 December 2016	396,500	4,193	73,519	474,212
Accumulated depreciation				
At 1 January 2016	65,359	1,944	49,503	116,806
Charge for the financial year	39,650	294	7,405	47,349
Disposals	-	-	(2,208)	(2,208)
Written off	-	-	(3,404)	(3,404)
At 31 December 2016	105,009	2,238	51,296	158,543
Net carrying amount				
At 31 December 2016	291,491	1,955	22,223	315,669

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) The net carrying amount of property, plant and equipment of the Group and the Company held under finance leases arrangements were RM1,492,052 (2016: RM251,348) and RM269,867 (2016: RM Nil) respectively.

(ii) Acquisition of property, plant and equipment are satisfied by the following:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash	1,039,252	1,342,897	16,017	5,568
Finance lease arrangements	1,321,742	191,457	280,000	-
	2,360,994	1,534,354	296,017	5,568

(iii) Included in the capital work-in-progress is an amount of RM1 (2016: RM1) 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 in prior years. Negotiations are in progress to engage a new developer to take over and complete the development project.

10. INVESTMENT PROPERTIES

	Leasehold Land and Building RM	Freehold Building RM	Total RM
Group			
2017			
Fair value			
At 1 January 2017	1,400,000	-	1,400,000
Additions	-	569,550	569,550
Fair value gain	400,000	-	400,000
At 31 December 2017	1,800,000	569,550	2,369,550
2016			
Fair value			
At 1 January/ 31 December 2016	1,400,000	-	1,400,000

10. INVESTMENT PROPERTIES (CONT'D)

	Leasehold Land and Building RM
Company	
2017	
Fair value	
At 1 January 2017	1,400,000
Fair value gain	400,000
At 31 December 2017	1,800,000
2016	
Fair value	
At 1 January/ 31 December 2016	1,400,000

The fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognsied professional qualification and recent experience in the location and category of the properties being valued.

The unexpired lease period of leasehold land of the Group and of the Company is more than 50 years.

11. INTANGIBLE ASSETS

	Computer Software RM	Trademark RM	Total RM
2017			
Group			
Cost			
At 1 January 2017	6,288,773	25,779	6,314,552
Additions	170,131	62,154	232,285
Disposals	(3,898)	-	(3,898)
Written off	(22,946)	-	(22,946)
Reclassifications	(18,991)	18,991	-
Translation differences	-	(1,097)	(1,097)
Disposal of a subsidiary	(910,455)	-	(910,455)
At 31 December 2017	5,502,614	105,827	5,608,441
Accumulated amortisation			
At 1 January 2017	4,697,604	-	4,697,604
Charge for the financial year	391,087	2,072	393,159
Disposals	(1,526)	-	(1,526)
Written off	(17,577)	-	(17,577)
Reclassifications	(7,926)	7,926	-
Translation differences	-	(311)	(311)
Disposal of a subsidiary	(754,862)	-	(754,862)
At 31 December 2017	4,306,800	9,687	4,316,487
Net carrying amount			
At 31 December 2017	1,195,814	96,140	1,291,954

11. INTANGIBLE ASSETS (CONT'D)

	Computer Software RM	Trademark RM	Total RM
2016			
Group			
Cost			
At 1 January 2016	6,311,606	25,779	6,337,385
Additions	153,889	-	153,889
Disposals	(2,318)	-	(2,318)
Written off	(174,404)	-	(174,404)
At 31 December 2016	6,288,773	25,779	6,314,552
Accumulated amortisation			
At 1 January 2016	4,347,585	-	4,347,585
Charge for the financial year	525,256	-	525,256
Disposals	(987)	-	(987)
Written off	(174,250)	-	(174,250)
At 31 December 2016	4,697,604	-	4,697,604
Net carrying amount			
At 31 December 2016	1,591,169	25,779	1,616,948

	Computer Software RM
2017	
Company	
Cost	
At 1 January 2017	34,344
Additions	2,015
Disposals	(1,088)
At 31 December 2017	35,271
Accumulated amortisation	
At 1 January 2017	24,117
Charge for the financial year	2,035
Disposals	(752)
At 31 December 2017	25,400
Net carrying amount	
At 31 December 2017	9,871

11. INTANGIBLE ASSETS (CONT'D)

	Computer Software RM
2016	
Company	
Cost	
At 1 January 2016	33,852
Additions	1,580
Disposals	(1,088)
At 31 December 2016	34,344
Accumulated amortisation	
At 1 January 2016	21,447
Charge for the financial year	3,277
Disposals	(607)
At 31 December 2016	24,117
Net carrying amount	
At 31 December 2016	10,227

12. INVESTMENT IN PREFERENCE SHARES

	Group	
	2017 RM	**2016 RM**
Non-current		
Financial assets held to maturity:		
- Non-convertible redeemable preference shares	3,500,000	3,500,000

Dividend at the rate of twelve percentage of the price of the preference shares amounting to RM840,000 has been received by the Group in previous financial year ended which has been disclosed in the Note 6.

The redemption price for the non-convertible preference shares which represents the sum guaranteed by a former 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;

12. INVESTMENT IN PREFERENCE SHARES (CONT'D)

The redemption price for the non-convertible preference shares which represents the sum guaranteed by a former related party, is calculated as follows: (cont'd)

(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 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 in process to be extended for a period of 12 months to 23 April 2019 upon expiry of the existing redemption period of 24 months on 23 April 2018.

13. OTHER INVESTMENT

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Available-for-sale financial assets:				
- Unquoted shares, at cost				
At beginning of the financial year	2,000,000	2,000,000	2,000,000	2,000,000
Less: Accumulated impairment loss				
At beginning of the financial year	(1,999,999)	(745,988)	(1,999,999)	(745,988)
Addition	-	(1,254,011)	-	(1,254,011)
At end of the financial year	(1,999,999)	(1,999,999)	(1,999,999)	(1,999,999)
At end of the financial year	1	1	1	1

The 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.

14. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	Company 2016 RM
Unquoted shares, at cost:		
At beginning of the financial year	83,168,802	83,168,802
Less: Accumulated impairment loss	(3,247,428)	(3,247,428)
At end of the financial year	79,921,374	79,921,374

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
CNI Enterprise (M) Sdn. Bhd.	Malaysia	100	100	Sale and distribution of health care and consumer products
Exclusive Mark (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, trading and packaging of all kinds of foodstuffs and beverages
Q-Pack (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, trading and packaging of all household and personal care products
Symplesoft Sdn. Bhd.	Malaysia	100	100	Provision of information technology, shared services and e-commerce related services
Infuso Sdn. Bhd.	Malaysia	100	100	Property trading and investment, supply of food and beverage
Lotus Supplies Sdn. Bhd.	Malaysia	70	70	Import and distribution of food ingredients

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Subsidiaries of CNI Enterprise (M) Sdn. Bhd.				
Creative Network International (S). Pte. Ltd.*	Singapore	100	100	Sale and distribution of health care and consumer products
CNI Global (Malaysia) Sdn. Bhd.	Malaysia	100	100	Sale and distribution of health care and consumer products
Creative Network. International (Thailand) Co., Ltd.*#	Thailand	49	49	Sale and distribution of health care and consumer products
GTI Eco Solutions Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of CNI Global (Malaysia) Sdn. Bhd.				
Creative Network International (Myanmar) Co.,Ltd.*	Myanmar	99	99	Sale and distribution of health care and consumer products
Subsidiaries of Exclusive Mark (M) Sdn. Bhd.				
Bright Way Avenue Sdn. Bhd.	Malaysia	100	100	Marketing and distributing coffee and other related beverage products
Top One Biotech Co., Ltd.*	Taiwan	70	70	Manufacturing, sale and distribution of foodstuffs and groceries

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Subsidiaries of Symplesoft Sdn. Bhd.				
Symplesoft eSolutions Sdn. Bhd.	Malaysia	100	100	Dormant
Sierra Edge Sdn. Bhd.	Malaysia	-	60	Software research and development

* Not audited by Moore Stephens Associates PLT.

\# The Directors consider 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 a wholly-owned subsidiary of the Group.

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Changes in the Group structure during the financial year

On 16 October 2017, the Company announced the decision of its Board of Directors to dispose one of its subsidiary, Sierra Edge Sdn. Bhd. ("SE"). The disposal of SE was completed on 15 December 2017.

Effect of disposal on the financial position of the Group:

	Group 2017 RM
Net assets disposed:	
Assets	424,084
Liabilities	(119,598)
Non-controlling interest - share of retained earnings	2,991
Attributable assets disposed	307,477
Total disposal proceeds (net receivables)	257,970
Loss on disposal of subsidiary	(49,507)
Cash inflow arising on disposal:	
Cash consideration received	257,970
Cash and cash equivalents of subsidiary disposed	(57,062)
Net cash inflow on disposal	200,908

The subsidiaries of the Group that have non-controlling interests ("NCI")

	Lotus Supplies Sdn. Bhd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
2017				
NCI percentage of ownership and voting interest	30%	0%	30%	
Carrying amount of NCI (RM)	465,822	-	1,016,040	1,481,862
(Loss)/Profit for the year allocated to NCI (RM)	(35,042)	(71,245)	789,894	683,607
Total comprehensive income for the year allocated to NCI (RM)	(35,042)	(71,245)	819,915	713,628

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries of the Group that have non-controlling interests ("NCI") (cont'd)

	Lotus Supplies Sdn. Bhd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
2016				
NCI percentage of ownership and voting interest	30%	40%	30%	
Carrying amount of NCI (RM)	500,864	271,245	196,125	968,234
Profit/(Loss) for the year allocated to NCI (RM)	5,689	(1,240)	(22,595)	(18,146)
Total comprehensive income for the year allocated to NCI (RM)	5,689	(1,240)	(22,595)	(18,146)

No NCI arising from Creative Network International (Thailand) Co.,Ltd. as the Group receives the full returns related to its operations and net assets from the subsidiary.

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

	Lotus Supplies Sdn. Bhd. RM	Sierra Edge Sdn. Bhd. RM	Top One Biotech Co., Ltd. RM	Total RM
2017				
Assets and liabilities				
Non-current assets	53,230	-	1,397,296	1,450,526
Current assets	1,555,212	-	2,607,534	4,162,746
Current liabilities	(55,704)	-	(618,032)	(673,736)
Net assets	1,552,738	-	3,386,798	4,939,536
Results				
Revenue	2,751,242	-	6,280,119	9,031,361
(Loss)/Profit for the year	(116,807)	(170,633)	2,405,039	2,117,599
Total comprehensive income	(116,807)	(170,633)	2,296,179	2,008,739
Cash flows from:				
- Operating activities	370,803	-	1,154,393	1,525,196
- Investing activities	(2,359)	-	(66,629)	(68,988)
- Financing activities	(219,310)	-	(1,045,433)	(1,264,743)

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI (cont'd)

	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 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)
- Investing activities	(5,498)	-	(108,029)	(113,527)
- Financing activities	228,322	-	(28,331)	199,991

The loss for the year of Sierra Edge Sdn. Bhd. has been shared up to the date of 30 November 2017.

15. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unquoted shares, at cost				
At beginning of the financial year	4,866,282	4,866,282	4,866,282	4,866,282
Share of post-acquisition reserves	(2,780,695)	(2,255,065)	-	-
At end of the financial year	2,085,587	2,611,217	4,866,282	4,866,282

15. INVESTMENT IN AN ASSOCIATE (CONT'D)

The details of the associate are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
CNI Corporation Sdn. Bhd.	Malaysia	30	30	Investment holding and provision of management service and commision agent

The summarised financial information of the associate is as follows:

	2017 RM	Restated 2016 RM
Assets and liabilities		
Non-current assets	360,345	1,647,453
Current assets	10,734,617	13,697,740
Current liabilities	(9,617,994)	(12,116,123)
Net assets	1,476,968	3,229,070
Results		
Revenue	13,088,903	15,247,044
Loss for the financial year	(2,238,865)	(2,968,073)
Total comprehensive income for the financial year	(1,808,125)	(1,334,865)

The reconciliation of net assets of associate to the carrying amount of the investment in associate is as follows:

	2017 RM	Restated 2016 RM
Reconciliation of net assets to carrying amount at end of the financial year		
Group's share of net assets	443,091	968,721
Goodwill	1,642,496	1,642,496
Carrying amount in the statement of financial position	2,085,587	2,611,217
Group's share of results for the financial year ended 31 December		
Loss for the financial year	(671,660)	(890,425)
Other comprehensive income	146,030	489,962
	(525,630)	(400,463)

16. DEFERRED TAX (ASSETS)/LIABILITIES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
At beginning of financial year	(812,814)	168,464	(995,796)	(995,796)
Recognised in profit or loss (Note 7)	429,040	(970,752)	995,796	-
Disposal of a subsidiary (Note 14)	(62,274)	-	-	-
Exchange differences	3,125	(10,526)	-	-
At end of financial year	(442,923)	(812,814)	-	(995,796)

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

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Deferred tax liabilities				
Difference between the carrying amount of property, plant and equipment and their tax base	2,179,006	2,490,201	17,360	11,552
Other taxable temporary differences	40,860	139,567	-	7,100
	2,219,866	2,629,768	17,360	18,652
Deferred tax assets				
Unutilised tax losses	(693,894)	(823,727)	-	-
Unabsorbed capital allowances	(119,317)	(237,638)	-	-
Unutilised reinvestment allowances	(10,398)	-	-	-
Unrealised profits on inventories	(581,964)	(324,828)	-	-
Other deductible temporary differences	(590,768)	(247,269)	(17,360)	-
Inventories written down	(155,994)	(18,194)	-	-
Provision for employee benefits	-	(72,020)	-	-
Retirement benefits expense	(510,454)	(1,718,906)	-	(1,014,448)
	(2,662,789)	(3,442,582)	(17,360)	(1,014,448)

16. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unutilised tax losses	39,682,317	38,406,110	14,946,071	7,266,510
Unabsorbed capital allowances	2,946,371	2,303,696	108,939	78,739
Other deductible temporary differences	3,170,288	1,371,428	2,457,137	5,259,622
	45,798,976	42,081,234	17,512,147	12,604,871

Deferred tax assets have not been recognised in respect of the above items due to uncertainty of their recoverability.

17. GOODWILL ON CONSOLIDATION

	Group	
	2017	2016
	RM	RM
Cost		
At beginning of the financial year	1,146,709	1,146,709
Disposal of a subsidiary	(200,000)	-
At end of the financial year	946,709	1,146,709
Accumulated Impairment loss		
At beginning of the financial year	(1,146,709)	(946,709)
Addition	-	(200,000)
Disposal of a subsidiary	200,000	-
At end of the financial year	(946,709)	(1,146,709)
Net carrying amount	-	-

18. INVENTORIES

	Group 2017 RM	Group Restated 2016 RM
At cost:		
Raw materials	7,735,864	5,279,279
Work-in-progress	192,624	46,638
Consumable tools	61,477	367,931
Packaging materials	2,320,023	1,906,783
Finished goods	3,379,850	5,718,277
Sales aid items	417,031	94,161
	14,106,869	13,413,069
At net realisable value:		
Raw materials	23,872	7,689
Finished goods	-	22,425
Packing materials	12,033	-
	35,905	30,114
	14,142,774	13,443,183

During the financial year, inventories of the Group recognised as cost of sales amounted to RM33,106,709 (2016: RM32,309,570).

19. TRADE RECEIVABLES

	Group 2017 RM	Group 2016 RM
External parties	8,922,502	7,773,794
Related parties	5,568,809	4,235,884
	14,491,311	12,009,678
Less: Accumulated impairment loss		
At beginning of the financial year	973,933	1,063,272
Addition	108,822	201,253
Reversal	(83,918)	(298,868)
Exchange differences	(10,134)	8,276
At end of the financial year		
- External parties	988,703	950,603
- Related parties	-	23,330
	988,703	973,933
	13,502,608	11,035,745

The normal credit terms of trade receivables of the Group range from 30 to 120 days (2016: 30 to 120 days).

20. OTHER RECEIVABLES

		Group		Company	
			Restated		
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
Amounts owing by subsidiaries	(a)	-	-	5,062,150	9,317,652
Other receivables	(b)	3,362,897	3,667,704	70,627	22,742
Deposits		793,174	972,395	1,846	265,933
Prepayments	(c)	1,545,483	1,696,539	21,259	26,309
		5,701,554	6,336,638	5,155,882	9,632,636
Less: Accumulated impairment loss					
At beginning of the financial year		91,690	3,390	3,832,726	6,287,281
Addition		381,645	130,726	207,158	-
Reversal		(1,184)	(3,390)	-	(454,555)
Written off		-	(39,036)	(3,832,726)	(2,000,000)
At end of the financial year					
- Other receivables		472,151	91,690	-	-
- Amounts owing by subsidiaries		-	-	207,158	3,832,726
		472,151	91,690	207,158	3,832,726
		5,229,403	6,244,948	4,948,724	5,799,910

(a) These amounts are non-trade in nature, unsecured, interest free [except for amounts due from subsidiaries of RM3,999,338 (2016: RM4,188,452) with interest bearing of 3.75% (2016: 3.75%)] and are repayable on demand.

(b) Included in other receivables of the Group are amount due from related parties amounting of RM98,412 (2016: RM1,003,349). These amounts are non-trade in nature, unsecured, interest free and are repayable on demand.

(c) Included in the prepayments of the Group is advance payments to suppliers of RM258,392 (2016: RM895,395).

21. CASH AND CASH EQUIVALENTS

	Group		Company	
		Restated		Restated
	2017	2016	2017	2016
	RM	RM	RM	RM
Fixed deposits placed with licensed banks	1,541,027	2,537,015	-	-
Short-term fund	11,894,609	13,155,330	5,107,015	7,576,649
Cash and bank balances	8,560,678	7,706,566	458,863	209,375
	21,996,314	23,398,911	5,565,878	7,786,024

The effective interest rates of the fixed deposits placed with licensed banks range from 0.10% to 4.15% (2016: 0.10% to 3.60%) per annum and have maturity periods of three months to one year.

22. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2017	2016	2017	2016
	Unit	Unit	RM	RM
Authorised:				
At beginning of the financial year	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Abolition of authorised share capital under the Companies Act 2016	(1,000,000,000)	-	(100,000,000)	-
At end of the financial year	-	1,000,000,000	-	100,000,000
Issued and fully paid:				
At beginning/end of the financial year	720,000,000	720,000,000	72,000,000	72,000,000

"No Par Value" Regime

The Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM0.10 each. The new Companies Act 2016, which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

23. 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 25 May 2017, renewed their approval for the Company's plan to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 220,000 (2016: 99,000) of its issued ordinary shares from the open market at an average price of RM0.073 (2016: RM0.086) per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM16,123. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Such treasury shares are held at carrying amount of RM1,698,825 (2016: RM1,682,702) as at financial year end.

As at 31 December 2017, the Company had a total of 7,057,100 (2016: 6,837,100) ordinary shares of its 720,000,000 ordinary shares as treasury shares.

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

	Number of shares repurchased Unit	Highest RM	Lowest RM	Average RM	Total consideration RM
Month 2017					
March 2017	120,000	0.075	0.075	0.075	9,069
August 2017	100,000	0.070	0.070	0.070	7,054
	220,000				16,123
Month 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

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

24. TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

25. FINANCE LEASE LIABILITIES

The aggregate commitment for future finance lease payments are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Minimum finance lease payments:				
Within 1 year	522,178	93,454	108,846	-
More than 1 year and less than 5 years	476,252	121,758	108,844	-
More than 2 years and less than 5 years	428,386	-	-	-
	1,426,816	215,212	217,690	-
Less: Future finance charges	(112,711)	(12,899)	(16,065)	-
Present value of finance lease liabilities	1,314,105	202,313	201,625	-
Present value of finance lease liabilities				
Within 1 year	465,567	85,046	100,830	-
More than 1 year and less than 5 years	438,674	117,267	100,795	-
More than 2 years and less than 5 years	409,864	-	-	-
	1,314,105	202,313	201,625	-
Representing:				
Current	465,567	85,046	100,830	-
Non-current	848,538	117,267	100,795	-
	1,314,105	202,313	201,625	-

Interest rate per annum of the Group and the Company are as follows:

	Group		Company	
	2017	2016	2017	2016
	%	%	%	%
Finance lease liabilities	2.55 - 5.68	2.70 - 10.80	2.55	-

26. RETIREMENT BENEFITS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Movement in the present value of defined benefit obligations				
At beginning of the year	7,010,814	6,823,258	4,329,920	4,040,848
Current service cost and interest [Note 6(a)]	188,509	320,693	104,739	530,028
Transfer from a subsidiary	-	-	898,552	-
Benefits paid	(3,000,000)	-	(3,000,000)	-
Settlement	-	340,108	-	-
Actuarial gain in other comprehensive income	(88,174)	(473,245)	(66,196)	(240,956)
At end of the year	4,111,149	7,010,814	2,267,015	4,329,920

Actuarial assumptions

	Group and Company 2017 %	Group and Company 2016 %
Discount rate	4.40	4.70
Inflation rate	3.00	2.00
Salary increment rate	2.00	2.00

Sensitivity analysis

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

	Defined benefit obligation Increase RM	Defined benefit obligation Decrease RM
Group		
2017		
Discount rate (1% movement)	93,217	(89,613)
Inflation rate (1% movement)	99,700	(97,509)
Salary increase (1% movement)	99,700	(97,509)
2016		
Discount rate (1% movement)	120,196	(114,585)
Inflation rate (1% movement)	129,591	(125,617)
Salary increase (1% movement)	129,591	(125,617)

26. RETIREMENT BENEFITS (CONT'D)

Sensitivity analysis (cont'd)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below: (cont'd)

	Defined benefit obligation	
	Increase	Decrease
	RM	RM
Company		
2017		
Discount rate (1% movement)	42,928	(41,120)
Inflation rate (1% movement)	63,363	(61,527)
Salary increase (1% movement)	63,363	(61,527)
2016		
Discount rate (1% movement)	9,607	(9,448)
Inflation rate (1% movement)	-	-
Salary increase (1% movement)	-	-

27. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group range from 30 to 90 days (2016: 30 to 90 days).

Included in trade payables of the Group is an amount due to a related party amounting to RM51,788 (2016: RMNil). This amount is trade in nature, unsecured, interest free and is subject to normal credit terms.

28. OTHER PAYABLES

		Group		Company	
			Restated		Restated
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Other payables	(a)	3,445,962	2,182,842	66,611	362,719
Deposits		1,406,594	1,493,531	35,000	35,000
Accruals		8,216,422	7,004,702	96,781	102,100
Amounts owing to a Director of a subsidiary	(b)	143,220	-	-	-
		13,212,198	10,681,075	198,392	499,819

28. OTHER PAYABLES (CONT'D)

(a) Included in the Group's other payables are advance receipts from customers and amounts due to related parties of RM767,943 (2016: RM1,078,676) and RM460,424 (2016: RM59,982) respectively. The amounts due to related parties are non-trade in nature, unsecured, interest free, and are repayable on demand.

(b) These amounts are non-trade in nature, unsecured, interest free, and are repayable on demand.

29. PROVISION FOR EMPLOYEE BENEFITS

	Group	
	2017	**2016**
	RM	**RM**
At beginning of the financial year	43,885	41,298
Additions	-	60,318
Reversal	(43,885)	(57,731)
Net (reversal of)/provision for employee benefit [Note 6(a)]	(43,885)	2,587
At end of the financial year	-	43,885

This is in respect of provision for short term accumulating compensated absence for Directors and employees of the Group.

The provision is made based on the number of days of outstanding compensated absence of each employee multiplied by their respective salary as at financial year end.

30. RELATED PARTY TRANSACTIONS

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

The Company has related party relationships with its subsidiaries, related parties, associate and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

30. RELATED PARTY TRANSACTIONS (CONT'D)

Significant related party transactions other than those disclosed in Notes 19, 20, 27 and 28 are as follows:

	Group	
		Restated
	2017	2016
	RM	RM
Transactions with related parties are as follows:		
Management fee	337,742	392,690
Sales	(10,607,466)	(4,916,619)
Commission payable	626,471	23,184
Information communication technologies share services	(210,420)	(233,152)
Research and development expenses	387,126	332,633
Royalty payable	259,487	281,657
Rental income	(324,025)	(91,200)
Transactions with Directors of the Group are as follows:		
Consultancy services	72,000	280,827

	Company	
		Restated
	2017	2016
	RM	RM
Transactions with subsidiaries are as follows:		
Dividend income	(1,000,000)	(1,600,000)
Information communication technologies shared charges paid and payable	43,698	42,668
Management fee	(1,482,293)	(1,549,263)
Purchases	129,423	158,616
Rental of premises	194,720	229,440
Transactions with an associate are follows:		
Interest income	(148,701)	(157,302)
Transactions with Directors of the Company and its subsidiary are as follows:		
Consultancy services	72,000	280,827

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company and its subsidiaries.

The remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 6(a).

31. DIVIDEND

	Per ordinary share Sen	Total amount RM	Date of payment
Recognised during the financial year ended 31 December 2016			
Interim single tier dividend for the financial year ended 31 December 2015 on 713,212,900 ordinary shares	0.003	2,139,639	13.4.2016

32. OPERATING LEASE COMMITMENTS

The future lease commitments in respect of rental payable by the Group for rental of premises under non-cancellable operating lease as at the end of the financial year are as follows:

	Group	
	2017 RM	2016 RM
Not later than one year	776,831	1,068,763
Later than one year but not later than five years	478,737	317,800
	1,255,568	1,386,563

33. CAPITAL COMMITMENTS

	Group	
	2017 RM	2016 RM
Approved and contracted for:		
Purchase of property, plant and equipment	620,000	12,413
Purchase of intangible assets	-	97,266
	620,000	109,679
Approved but not contracted for:		
Purchase of property, plant and equipment	1,478,724	1,521,670

34. OPERATING SEGMENTS

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 distributions 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.

34. OPERATING SEGMENTS (CONT'D)

2017	Note	Manufacturing RM	Marketing & Trading RM	Others RM	Adjustments & Eliminations RM	Consolidated RM
Revenue						
External revenue		21,541,402	62,539,637	957,078	-	85,038,117
Inter-segment revenue	(a)	22,894,912	2,291,940	2,990,009	(28,176,861)	-
Total revenue		44,436,314	64,831,577	3,947,087	(28,176,861)	85,038,117
Results						
Interest income		102,009	433,742	330,162	(391,157)	474,756
Dividend income		-	-	1,000,000	(1,000,000)	-
Depreciation and amortisation		(872,169)	(1,978,788)	(191,320)	266,333	(2,775,944)
Share of results of associate		-	-	(671,660)	-	(671,660)
Share other comprehensive income of associate		-	-	146,030	-	146,030
Other non-cash (expense)/income	(b)	1,145,543	8,834,789	(4,973,833)	(7,791,019)	(2,784,520)
Segment profit/(loss) before tax	(c)	3,780,044	(412,345)	5,066,811	(8,449,936)	(15,426)
Segment assets						
Investment in associates		-	-	4,866,282	(2,780,695)	2,085,587
Additions to non-current assets	(d)	1,391,742	1,867,797	303,290	-	3,562,829
Segment assets	(e)	45,971,502	59,484,067	101,916,294	(106,864,309)	100,507,554
Segment liabilities	(f)	11,690,667	34,406,348	4,693,691	(26,265,087)	24,525,619

34. OPERATING SEGMENTS (CONT'D)

2016	Note	Manufacturing RM	Marketing & Trading RM	Others RM	Adjustments & Eliminations RM	Consolidated RM
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						
Interest income		105,325	484,753	455,043	(373,032)	672,089
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 associate		-	-	(884,638)	-	(884,638)
Share of other comprehensive income of associate		-	-	489,962	-	489,962
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)	(1,599,032)	(5,971,629)
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)	39,197,281	68,646,413	104,556,709	(111,108,704)	101,291,699
Segment liabilities	(f)	7,650,385	42,798,956	10,388,084	(36,785,530)	24,051,895

34. OPERATING SEGMENTS (CONT'D)

(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:

	Group	
		Restated
	2017	2016
	RM	RM
Bad debts written off	30,030	242,775
(Gain)/Loss on disposal of property, plant and equipment	(88,591)	24,363
Loss on disposal of subsidiary	49,507	-
Loss on disposal of intangible assets	166	-
Impairment loss on:		
- Goodwill	-	200,000
- Other investment	-	1,254,011
- Other receivables	381,645	130,726
- Property, plant and equipment	-	76,979
- Trade receivables	108,822	201,253
Intangible assets written off	5,369	154
Inventories written off	204,102	572,160
Inventories written down	353,371	263,275
(Reversal of)/Provision for employee benefits	(43,885)	2,587
Property, plant and equipment written off	124,588	481,212
Retirement benefit expense	188,509	660,801
Reversal of impairment loss on:		
- Trade receivables	(83,918)	(298,868)
- Other receivables	(1,184)	(3,390)
- Property, plant and equipment	-	(408,236)
Unrealised loss/(gain) on foreign exchange	1,555,989	(894,499)
	2,784,520	2,505,303

(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:

	Group	
		Restated
	2017	2016
	RM	RM
Share of results of associate	(677,443)	(884,638)
Profit from inter-segment sales	(3,809,986)	(2,970,520)
Finance cost	391,157	373,032
Unallocated corporate expenses	12,748,526	5,220,484
Other income	(17,102,190)	(3,337,390)
	(8,449,936)	(1,599,032)

34. OPERATING SEGMENTS (CONT'D)

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

	Group	
	2017	2016
	RM	RM
Property, plant and equipment	2,360,994	1,534,354
Other intangible assets	232,285	153,889
Investment property	969,550	-
	3,562,829	1,688,243

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

	Group	
	2017	2016
	RM	RM
Deferred tax assets	1,248,964	2,167,876
Inter-segment assets	(108,113,273)	(113,276,580)
	(106,864,309)	(111,108,704)

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

	Group	
	2017	2016
	RM	RM
Retirement benefits expense	4,111,149	7,010,814
Deferred tax liabilities	806,041	1,355,062
Inter-segment liabilities	(31,182,277)	(45,151,406)
	(26,265,087)	(36,785,530)

34. OPERATING SEGMENTS (CONT'D)

(g) Geographical information

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

	Group	
	2017	2016
	RM	RM
Brunei	-	4,184,713
China	11,734,464	1,876,906
Hong Kong	578,884	551,128
Indonesia	1,977,063	1,261,313
Malaysia	59,046,666	64,109,712
Myanmar	4,309,680	753,463
Singapore	3,304,771	3,344,009
Sri Lanka	341,986	498,825
South Africa	137,808	-
Taiwan	955,331	952,257
Thailand	1,509,352	10,544,657
United States of America	1,138,885	42,594
Vietnam	3,227	1,750

34. OPERATING SEGMENTS (CONT'D)

(g) Geographical information (cont'd)

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

	Malaysia	Singapore	Taiwan	Thailand	Myanmar	Consolidated
2017	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Property, plant and equipment	33,027,738	32,367	1,339,808	111,210	65,769	34,576,892
Investment properties	2,369,550	-	-	-	-	2,369,550
Investment in an associate	2,085,587	-	-	-	-	2,085,587
Intangible assets	1,234,466	-	57,488	-	-	1,291,954
Total non-current assets (excluding financial instruments and deferred tax assets)	38,717,341	32,367	1,397,296	111,210	65,769	40,323,983
2016						
Property, plant and equipment	32,907,010	54,375	1,561,242	455,438	-	34,978,065
Investment properties	1,400,000	-	-	-	-	1,400,000
Investment in an associate	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

35. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Available for sale				
- Other investment	1	1	1	1
Held for maturity				
- Investment in preference shares	3,500,000	3,500,000	-	-
Loans and receivables				
- Trade receivables	13,502,608	11,035,745	-	-
- Other receivables	3,683,920	4,548,409	4,927,465	5,773,601
- Cash and cash equivalents	21,996,314	23,398,911	5,565,878	7,786,024
	39,182,842	38,983,065	10,493,343	13,559,625
	42,682,843	42,483,066	10,493,344	13,559,626
Financial liabilities				
Financial liabilities measured at amortised cost				
- Finance lease liabilities	1,314,105	202,313	201,625	-
- Trade payables	4,536,261	4,362,361	-	-
- Other payables	13,212,198	10,681,075	198,392	499,819
	19,062,564	15,245,749	400,017	499,819

Financial Risk Management Objectives and Policies

The Group's activities are exposed to a variety of financial risks which include credit risk, liquidity risk, foreign currency risk, and interest rate risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(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 and the Company's exposure to credit risk arises primarily from their receivables (which consist of trade receivables and other receivables). For other financial assets (including cash and bank balances, fixed deposits placed with licensed banks and short term repurchase arrangement), the Group and the Company minimise credit risk by dealing exclusively 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, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating units, the Group does not offer credit terms without the approval of the executive Directors.

Receivables

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables (which consist of trade receivables and other receivables). The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Credit risk concentration profile

At the reporting date, approximately 38% (2016: 35%) of the Group's gross trade receivables were due from its related parties.

At the reporting date, approximately 98% (2016: 98%) of the Company's gross other receivables were due from its subsidiaries.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

Information regarding the ageing and allowance of impairment of trade receivables is as follows:

Group	Gross RM	Individual impairment RM	Net RM
2017			
Not past due	8,149,087	-	8,149,087
Past due not impaired:			
Less than 30 days	1,705,712	-	1,705,712
31 days to 60 days	514,098	-	514,098
60 days to 90 days	188,497	-	188,497
More than 90 days	3,933,917	(988,703)	2,945,214
	6,342,224	(988,703)	5,353,521
	14,491,311	(988,703)	13,502,608
Group			
2016			
Not past due	5,539,717	-	5,539,717
Past due not impaired:			
Less than 30 days	1,122,528	-	1,122,528
31 days to 60 days	753,264	-	753,264
60 days to 90 days	503,398	-	503,398
More than 90 days	4,090,771	(973,933)	3,116,838
	6,469,961	(973,933)	5,496,028
	12,009,678	(973,933)	11,035,745

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. However, the Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

Receivables that are impaired

The Group'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	
	2017	2016
	RM	RM
At beginning of the financial year	973,933	1,063,272
- Addition	108,822	201,253
- Reversal	(83,918)	(298,868)
- Exchange differences	(10,134)	8,276
At end of the financial year	988,703	973,933

Inter company balances

The Company provides unsecured loan and advance to subsidiaries. As at the end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting date, there was no indication that the loans and advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. The Company monitors the results of the subsidiaries regularly.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and finance lease liabilities.

The Group and the Company practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM
Group					
2017					
Finance lease liabilities	1,314,105	1,426,816	522,178	476,252	428,386
Trade payables	4,536,261	4,536,261	4,536,261	-	-
Other payables	13,212,198	13,212,198	13,212,198	-	-
	19,062,564	19,175,275	18,270,637	476,252	428,386
Group					
2016					
Finance lease liabilities	202,313	215,212	93,454	121,758	-
Trade payables	4,362,361	4,362,361	4,362,361	-	-
Other payables	10,681,075	10,681,075	10,681,075	-	-
	15,245,749	15,258,648	15,136,890	121,758	-

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

All of the Company's liabilities at the reporting date mature within one year or repayable on demand, one to two years and two to five years except for retirement benefit as disclosed in Note 26 which is repayable upon retirement of key management personnel.

(c) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), Thailand Baht ("THB"), Brunei Dollar ("BND"), Japanese Yen ("JPY"), United States Dollar ("USD") and Hong Kong Dollar ("HKD").

35. Financial Risk Management Objectives and Policies (cont'd)

c) Foreign currency risk (cont'd)

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group entities) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in						
	SGD	THB	BND	JPY	USD	HKD	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2017							
Trade receivables	-	62,744	-	-	4,523,028	-	4,585,772
Other receivables	-	930	-	-	187,367	161	188,458
Cash and cash equivalents	10,020	-	254,896	-	639,029	-	903,945
Trade payables	-	-	-	-	(432,633)	-	(432,633)
Other payables	(11,409)	-	(121,591)	-	(197,965)	-	(330,965)
	(1,389)	63,674	133,305	-	4,718,826	161	4,914,577
Group							
2016							
Trade receivables	4,649	62,537	-	-	4,467,512	-	4,534,698
Other receivables	-	938	-	-	1,146,843	9,078	1,156,859
Cash and cash equivalents	-	-	264,815	-	2,632,987	-	2,897,802
Trade payables	(3,605)	-	-	-	(294,705)	-	(298,310)
Other payables	-	-	(127,607)	(13,905)	(67,435)	-	(208,947)
	1,044	63,475	137,208	(13,905)	7,885,202	9,078	8,082,102

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

The sensitivities of the Group's profit after tax and equity to the possible change in the following foreign currencies against the respective functional currencies of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 5% strengthening of the functional currency of the Group entities against the foreign currencies at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2017		2016	
	Profit after tax RM	Equity RM	Profit after tax RM	Equity RM
Group				
Functional currency/ Foreign currencies				
RM/SGD	53	53	(40)	(40)
RM/THB	(2,420)	(2,420)	(2,412)	(2,412)
RM/BND	(5,066)	(5,066)	(5,214)	(5,214)
RM/JPY	-	-	528	528
RM/USD	(179,315)	(179,315)	(299,638)	(299,638)
RM/HKD	(6)	(6)	(345)	(345)

A 5% weakening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have equal but opposite effect on profit after tax and equity.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in interest rate risk

The Group and the Company did not have any floating rate instruments as at 31 December 2017 and 2016, a change in interest rates would not have any impact to the profit after tax and equity of the Group and the Company.

36. FAIR VALUES INFORMATION

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities approximate their fair values due to relatively short term nature of these financial instruments and insignificant impact of discounting.

Table below analyses liability carried at fair value and those not carried at fair value for which fair value is disclosed together with the carrying amounts shown in the statement of financial position.

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2017					
Group					
Asset					
Investment properties (non-current)	-	2,369,550	-	2,369,550	2,369,550
Liability					
Finance lease liabilities (non-current)	-	-	837,885	837,885	848,538

36. FAIR VALUES INFORMATION (CONT'D)

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2016					
Group					
Asset					
Investment properties (non-current)	-	1,400,000	-	1,400,000	1,400,000
Liability					
Finance lease liabilities (non-current)	-	-	110,438	110,438	117,267

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2017					
Company					
Asset					
Investment property (non-current)	-	1,800,000	-	1,800,000	1,800,000
Liability					
Finance lease liabilities (non-current)	-	-	99,008	99,008	100,795
2016					
Asset					
Investment property (non-current)	-	1,400,000	-	1,400,000	1,400,000
Liability					
Finance lease liabilities (non-current)	-	-	-	-	-

36. FAIR VALUES INFORMATION (CONT'D)

Level 1:

The fair value of other investments at fair value through profit or loss and available-for sale are determined by reference to their quoted closing bid prices at the end of the financial year.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly (i.e prices) or indirectly (i.e derived from prices).

Level 3:

The fair value is determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rate used to discount the estimated cash flows ranges from 2.7% to 5.13% (2016: 5%)

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes loans and borrowings, less cash and cash equivalents balances whilst total capital is equity attributable to owners of the parent.

The net debt-to-equity ratios at end of the reporting period are as follows:.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Finance lease liabilities (Note 25)	1,314,105	202,313	201,625	-
Less: Cash and cash equivalents	(21,996,314)	(23,398,911)	(5,565,878)	(7,786,024)
Total net debts	(20,682,209)	(23,196,598)	(5,364,253)	(7,786,024)
Total equity attributable to the owners of the parent	75,981,935	77,239,804	95,013,250	96,327,565
Debt to equity ratio	N/A	N/A	N/A	N/A

N/A: Not applicable

There were no changes in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

38. PRIOR YEAR ADJUSTMENTS

Investment in Associate

In the previous financial year, the audited financial statements of the associate were not available and the financial statements that were used for equity accounting purposes were reviewed by the predecessor auditors of the Group. During the current financial year, the 2016 audited financial statements and auditors' report of the associate became available and there were material variances noted between the 2016 financial statements that were used for equity accounting purposes and the 2016 audited financial statements. In accordance with the requirements of MFRS 108, these adjustments which pertain to the previous financial years have been adjusted retrospectively in the Group's financial statements and certain comparative figures have been restated accordingly.

The effect of the prior year adjustments are as follows:

	As previously reported RM	Adjustments RM	As restated RM
Statements of Comprehensive Income for financial year ended 31 December 2016			
Group			
Share of results of associate	(299,400)	(585,238)	(884,638)
Loss before tax	(5,386,391)	(585,238)	(5,971,629)
Tax expense	849,025	(5,787)	843,238
Loss net of tax, for the financial year	(4,537,366)	(591,025)	(5,128,391)
Share of other comprehensive income of associate	-	489,962	489,962
Total other comprehensive income for the year	146,117	489,962	636,079
Statements of Financial Position as at 31 December 2016			
Translation reserve	1,655,063	744,344	910,719
Accumulated losses	(7,609,335)	(744,344)	(6,864,991)
Statements of Financial Position as at 1 January 2016			
Translation reserve	1,327,935	254,382	1,073,553
Accumulated losses	(13,794,949)	(153,319)	(13,641,630)

39. COMPARATIVE FIGURES

(a) The comparative figures were audited by a firm of chartered accountants other than Moore Stephens Associates PLT.

(b) Certain comparative figures have been restated to conform with the current year's presentations.

List Of Properties

The properties held by the Group and the Company as at 31 December 2017 are as follows:

Location / Postal address	Description / existing use	Land area / built-up area	Land Tenure (expiry date) (sq. feet)	Approximate age (year)	Audited net book value as at 31.12.17 (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	175,592 / 197,421	Freehold	21	26,738	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)	11	1,800	19 Jun 2008/ 29 Dec 2017
HSD 28228 PT 9114 Mukim and Daerah of Sepang, State of Selangor (Parcel No. 1B-080 Type: Travelers Palm Upper 1, Storey No. Level 2 (First Floor), Building No. L06, The Golden Palm Tree Water Villas) Villa No. 080 Golden Palm Tree Water Villas, No. 67 Jalan Pantai Bagan Lalang, Kg Bagan Lalang, 43950 Sungai Pelek, Selangor Darul Ehsan	2-storey water villas (first floor) / Renting out to third parties	- / 570	Leasehold – 90 years (1st May 2107)	7	570	15 Mar2017 / -

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 2017.

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 2017 are as follows:

	Company (RM)	Group (RM)
Audit fees	13,000	199,233
Non-audit fees	3,000	3,000

3. Material Contracts

Save as those described in Note 30 to the Audited Financial Statements on pages 125 to 126 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 2017 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 25 May 2017, 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 2017 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 Corp)	CNI Enterprise (M) Sdn Bhd (CNIE)	Dato' Koh Peng Chor Koh How Loon Tan Sia Swee	337,742	Provision of management services to CNIE
	Symplesoft Sdn Bhd (SSB)	Cheong Chin Tai Chew Boon Swee Law Yang Ket	210,420	Provision of IT and ecommerce related services by SSB

Transacting Party	company within CNI Group	Interested Related Parties	Amount transacted during the financial year RM	Nature of transactions
	CNIE		725,969	Purchase of health care and consumer products from CNIE
	EM		616,710	Commission receivable from EM
CNI Venture Sdn Bhd	Exclusive Mark (M) Sdn Bhd (EM)	Dato' Koh Peng Chor Koh How Loon Tan Sia Swee Chew Boon Swee	291,844	Provision of research, development and testing services to EM
CNI IPHC	CNIE	Dato' Koh Peng Chor Tan Sia Swee	259,487	Payment of trademark fee by CNIE
Law Yang Ket	CNI Holdings Berhad (CNI)	Law Yang Ket	72,000	Provision of sales development and marketing advisory to CNI
CNI (China) Co., Ltd	EM	Tan Sia Swee Chew Boon Swee Law Yang Ket	9,466,628	Purchase of beverages from EM
	Q-Pack (M) Sdn Bhd (Q-Pack)		172,750	Purchase of household and personal care products from Q-Pack

Analysis Of Shareholdings

As At 2 April 2018

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	329	3.61	5	0.05	9,858	[1]	190	[1]
100 - 1,000	3,493	38.32	266	2.92	1,849,480	0.26	158,240	0.02
1,001 – 10,000	3,351	36.76	103	1.13	10,224,674	1.43	256,960	0.03
10,001 – 100,000	1,198	13.15	13	0.14	45,869,988	6.44	617,200	0.09
100,001 – 35,660,644 (*)	348	3.82	8	0.09	269,661,029	37.83	20,669,158	2.90
35,668,095 and above (**)	1	0.01	-	-	363,526,123	51.00	-	-
Total	**8,720**	**95.67**	**395**	**4.33**	**691,141,152**	**96.96**[2]	**21,701,748**	**3.04**[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 7,157,100 CNI Holdings Berhad ("CNI") shares bought-back by CNI and retained as treasury shares as at 2 April 2018

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	373,983,483[1]	52.46
Koh How Loon	1,679,180	0.24	370,671,643[2]	52.00
Chew Boon Swee	1,128,614	0.16	6,534,120[3]	0.92
Yee Kee Bing	-	-	-	-
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 7,157,100 CNI shares bought-back by CNI and retained as treasury shares as at 2 April 2018.

Analysis Of Shareholdings

As At 2 April 2018

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Deemed Interests	
Name	No. of Issued Shares	% of Issued Shares[5]	No. of Issued Shares	% of Issued Shares[5]
Marvellous Heights Sdn Bhd	363,526,123	51.00	-	-
PC Marketing Sdn Bhd	7,145,520	1.00	363,526,123[1]	51.00
Dato' Koh Peng Chor	5,028,680	0.71	373,983,483[2]	52.46
Datin Chuah Tek Lan	1,167,200	0.16	377,844,963[2]	53.01
Koh How Loon	1,679,180	0.24	370,671,643[3]	52.00

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 7,157,100 CNI shares bought-back by CNI and retained as treasury shares as at 2 April 2018.

TOP 30 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	51.00
2.	Wong Siew Fong	27,902,980	3.91
3.	Gan Chooi Yang	15,612,826	2.19
4.	Toh Siew Kee	11,721,954	1.64
5.	Gan Ah Seng	9,745,139	1.37
6.	Choo Khim Keong	9,680,380	1.36
7.	Ginawan Chondro	9,576,271	1.34
8.	Tan Kim Choon	9,371,914	1.31
9.	Chan Sook Cheng	7,145,405	1.00
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for PC Marketing Sdn Bhd	6,760,920	0.95
11.	Moy Mee Leng	6,334,120	0.89
12.	Stephanus Abrian Natan	6,175,555	0.87
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Beh Hang Kong	5,858,912	0.82
14.	Ong Teck Seng	5,717,000	0.80
15.	Chong Yee Min	5,521,400	0.77
16.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Koh Peng Chor	5,028,680	0.71
17.	Tan Yuan Fang	4,715,710	0.66
18.	Law Yang Ket	4,691,898	0.66
19.	Tan Chong Liang @ Than Chong Kim	4,506,800	0.63
20.	Addeen Trading Sdn Bhd	3,766,600	0.53
21.	Bo Eng Chee	3,690,000	0.52
22.	Wong Siew Keow	3,609,060	0.51
23.	Lau Ting Hwa	3,500,000	0.49
24.	Suharman Subianto	3,102,532	0.44
25.	Heng Hoay Liang @ Heng Hoye Ee	3,007,500	0.42
26.	Yow Siew Lian	3,000,000	0.42
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.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chen Pang	1,994,200	0.28
	Total	**552,623,402**	**77.52**

Note:
(1) Excluding a total of 7,157,100 CNI shares bought-back by CNI and retained as treasury shares as at 2 April 2018.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Ninth 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, 31 May 2018 at 11.00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. — Refer to Explanatory Note 1

2. To re-elect Mr. Koh How Loon who retires by rotation in accordance with Article 91 of the Company's Constitution, and being eligible, offers himself for re-election. — **Resolution 1**

3. To note that En. Zulkifli bin Mohamad Razali who retires by rotation in accordance with Article 91 of the Company's Constitution, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the Annual General Meeting of the Company.

4. To re-elect Mr. Yee Kee Bing who retires in accordance with Article 96 of the Company's Constitution, and being eligible, offers himself for re-election. — **Resolution 2**

5. To approve the payment of Directors' fees amounting to RM452,502 in respect of the financial year ended 31 December 2017. — **Resolution 3**

6. To approve the payment of benefits payable to the Non-Executive Directors of the Company up to an amount of RM80,000 from 1 January 2018 until the next Annual General Meeting of the Company. — **Resolution 4**

7. To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Directors. — **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:

8. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** — **Resolution 6**

   "THAT 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 2017."

9. **AUTHORITY TO ISSUE SHARES** — **Resolution 7**

   "THAT, subject always to the Companies Act, 2016, the Company's Constitution 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 issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

10. **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 8**

"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 30 April 2018, 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."

11. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Resolution 9**

"THAT, subject always to the Companies Act, 2016, the Company's Constitution 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 at the 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."

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

CHIN YOKE KWAI (MAICSA 7032000)
Company Secretary

Shah Alam
30 April 2018

NOTES:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 25 May 2018 ("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.*

7. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. *Audited Financial Statements*

   The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016, are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

2. *Ordinary Resolution 4 – 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 2018 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 5 – Re-appointment of Auditors

The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the external auditors in carrying out their functions. Being satisfied with the external auditors' performance, the Board recommends their re-appointment for shareholders' approval.

4. Ordinary Resolution 6 - Retention of Independent Non-Executive Director

The Board through the Nomination Committee (NC), has determined that Mr. Lim Lean Eng is fair and impartial in carrying out his duties to the Company. As Director, he continues to bring independent and objective judgements to Board deliberations and the decision making process as a whole. He also possesses vast experience and brings the right mix of skills to the Board. The Board therefore, endorsed the NC's recommendation for him to be retained as Independent Director.

5. Ordinary Resolution 7 – 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.

6. Ordinary Resolution 8 – 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 30 April 2018 for further information.

7. Ordinary Resolution 9 – 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 2017, the Company's retained profits amounted to RM24,712,075.

Please refer to the Share Buy-Back Statement dated 30 April 2018 for further information.

Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individual who are standing for election as Directors

No individual is seeking election as a Director at the Twenty- Ninth Annual General Meeting of the Company.

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.	012-4902437	
	Kuah SP	39, Pekan Lama (Sebelah Mat Sirat Supermarket), Padang Mat Sirat, Kuah 07000 Langkawi.	019-5598337/019-4499507	04-3986050
P. PINANG				
RC	Perai RC	30, Jln Perai Jaya 2, Bdr Perai Jaya, 13600 Perai, Butterworth.	04-3986050	04-2271092
	Perak Road DC Cni	175, Perak Road, 10150 Penang.	04-2271092	04-3902471
eSP	Permatang Pauh	19, Lrg Cermai 3, Tmn Sama Gagah, 13500 Permatang Pauh, Butterworth.	04-3906418/012-4286418 esppermatangpauh@mycni.com.my	04-6449637
	Bayan Lepas	119, Jln Tun Dr Awang, Sg Nibong Kecil, Bukit Jambul, 11900 Bayan Lepas.	04-6449637/019-5657126 espbukitjambul@mycni.com.my	05-4583462

Distribution Centres / Sales Points / E-Sales Points

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS (DC, SP & ESP)		ADDRESS	TEL & EMAIL	FAX
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
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 / 05-2881848 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.	3-33439897/33433416/019-3209897	03-33433416
	Seri Kembangan DC Cni	13, Jln PSK1, Pusat Perdagangan Seri Kembangan, 43300 Seri Kembangan.	03-89435480	03-89435480
	Rawang DC	No B-5, Jln Rawang Mutiara 2, Rawang Mutiara Business Centre, 48000 Rawang.	03-60928461 / 012-3823678	03-60928525
	Ampang DC 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

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS (DC, SP & ESP)		ADDRESS	TEL & EMAIL	FAX
SELANGOR				
SP	Bangi DC	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	Tmn 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	
	Sungai Buaya	No 33, Jln Kemboja Sari 3, Bdr Sungai Buaya, 48010 Rawang.	013-4239606 espsgbuaya@mycni.com.my	
	Sentosa Jaya	No 30, Jln Bendahara 8, Sri Sentosa Jaya, 41200 Klang.	011-12375127	
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.	018-9873983	
	Kajang SP	No 1B-1, Jalan Reko Sentral 1, Reko Sentral, 43000 Kajang.	012-3379947 / 011-27010067	
	Shah Alam SP	No 28, Jalan Nova U5/75A, Subang Bestari, 40150 Shah Alam.	019-3595886 / 012 6613590	
	Meru, Klang SP	No 41, Lorong Kopi 1, Taman Tenaga Bakti, Meru, 42200 Kapar, Klang.	03-33928512 / 019-3084613	
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, 56100 Cheras	03-92814913 / 016-5267825	03-92814913
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

Distribution Centres / Sales Points / E-Sales Points

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS (DC, SP & ESP)		ADDRESS	TEL & EMAIL	FAX
MELAKA				
DC	Batu Berendam DC	11, Jalan BBP 1, Taman Berendam Putra, 75350 Batu Berendam.	06-3369349	06-3369349
SP	Pernu SP	590-1, KM 12, Kampung Pernu, 75460 Pernu.	06-2610012 / 010-5057109	06-2610012
	Paya Rumput SP	No. 22, Jalan IKS PR2, IKS, Paya Rumput, 76450 Paya Rumput.	06-3162001 / 011-39018624	
JOHOR				
DC	Tmn Nusa Bestari DC	No 19-A, Tingkat 1, Jalan Nusa Bestari ¼, Taman Nusa Bestari, 79100 Iskandar Puteri.	07-5111318 / 016-6874180	07-5115113
	Taman Molek DC	7, Jalan Molek 2/5, Taman Molek, 81100 Johor Bahru.	07-3524731	07-3518371
	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.	017-7189463	
	Segamat SP	45, Jalan Intan 2, Taman Intan Bukit Siput, 85020 Segamat.	019-6556563	
KELANTAN				
DC		1PT397, Tingkat Bawah, Jln Dusun Raja, Sri Cemerlang, 15400 Kota Bharu.	09-7477433	09-7477433
eSP		W2/458, Jalan Hospital, 17000 Pasir Mas.	019-9184408 / 014-8193317 esppasirmas@mycni.com.my	
SP		Kg. Alor Hijau, Selising, 16810 Pasir Putih.	09-7892988 / 019-9101825	

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS (DC, SP & ESP)		ADDRESS	TEL & EMAIL	FAX
TERENGGANU				
DC	Kemaman DC	40-A, Jalan Jakar, Chukai, 24000 Kemaman.	09-8591028 / 012-9886118	09-8591028
	Dungun DC	Lot 9271,Tingkat Bawah, Taman Omar Al-Khattab, Jalan Baru Pak Sabah, 23000 Dungun.	018-2954858	
	Kuala Terengganu DC Cni	219, Tingkat Atas, Jln Sultan Zainal Abidin, 20000 Kuala Terengganu.	09-6220085	09-6220085
eSP	Gong Badak	PT 13650K, Tmn Permint Makmur, Wakaf Tembusu, Gong Badak 20300 Kuala Terengganu.	09-6666308 / 013-9436988 espgongbadak@mycni.com.my	
SP	Kerteh SP	759-5, Kg Baru, 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
	Mentakab DC	No. 16, Jalan Anggerik, 28400 Mentakab.	09-2771463	09-2771463
SP	Kuala Lipis SP	101A, Medan Niaga Bagan MARA, aJlan Stesen, 27200 Kuala Lipis.	019-9726897	
	Jengka SP	No 11, Kedai Pelbagai, Jengka Street, Bandar Jengka 26400	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, Jalan 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

Distribution Centres / Sales Points / E-Sales Points

DISTRIBUTION CENTRES/ SALES POINTS/ E-SALES POINTS (DC, SP & ESP)		ADDRESS	TEL & EMAIL	FAX
SARAWAK				
DC	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	085-424528
eSP	Sarikei 2	No 7 Jalan Bersatu, Jubli Mutiara 96100, Sarikei.	019-8861300 espsarikei2@mycni.com.my	
SP	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	
	Serian SP	No 1 Serian Bazaar, 94700 Serian.	014-8811112	
SABAH				
DC	Sabah Branch	Lot 121, Block N-5, Ground & 1st Floor, Lorong Plaza Permai 3,	088-281899 / 088-282899	088 - 281899
SP	Keningau DC	Jln Sulaman Highway, 88450 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
	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 Darussalam.	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-Ninth 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, 31 May 2018 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:

		FOR	AGAINST
Ordinary Business			
Resolution 1	Re-election of Mr. Koh How Loon as Director of the Company		
Resolution 2	Re-election of Mr. Yee Kee Bing as Director of the Company		
Resolution 3	To approve the payment of Directors' fees		
Resolution 4	To approve the payment of Directors' benefits		
Resolution 5	Re-appointment of Messrs Moore Stephens Associates PLT as Auditors and authorise the Directors to fix their remuneration		
Special Business			
Resolution 6	Retention of Independent Non-Executive Director, Mr. Lim Lean Eng		
Resolution 7	Authority to Issue Shares		
Resolution 8	Proposed Shareholders' Mandate		
Resolution 9	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 2018

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 25May 2018 ("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.*
7. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

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 3308

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