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C.I. HOLDINGS BERHAD

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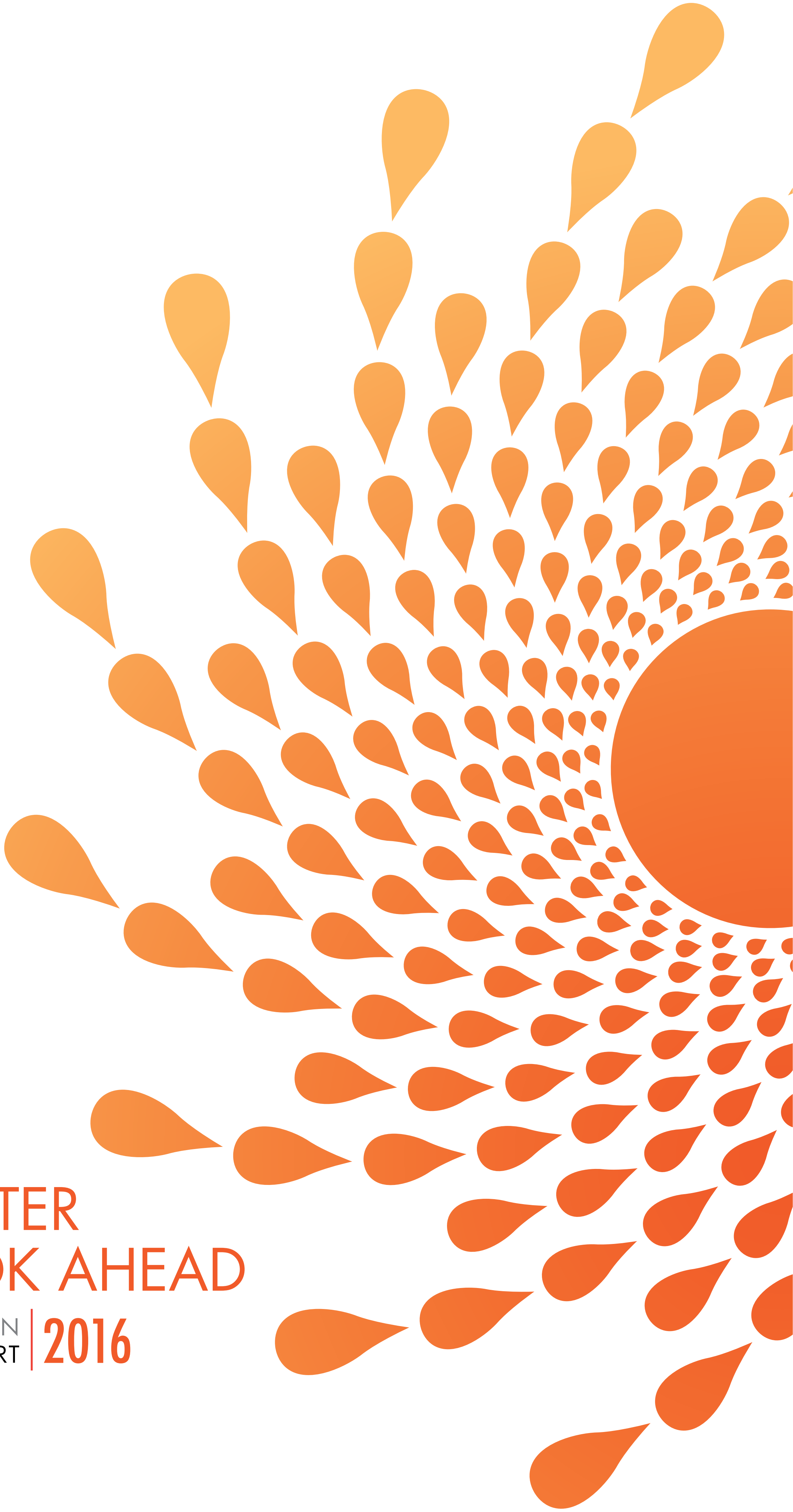
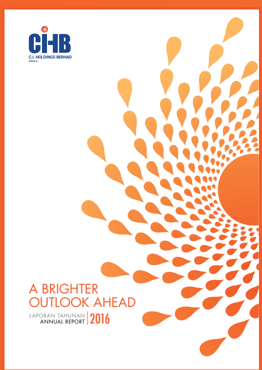


A BRIGHTER OUTLOOK AHEAD

LAPORAN TAHUNAN

ANNUAL REPORT

2016



COVER RATIONALE

As evidenced by a dazzling revenue increase, the Group is blazing its way towards greater growth and gains: a resplendent outlook symbolised by a graphic sun and its liquid rays. These radiating droplets also refer to the Group's continuing expansion plans for its edible oils and tapware operations. A move that forecasts brighter prospects ahead.

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CORPORATE

FINANCIAL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Senior Independent Non-Executive Chairman

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Datin Mariam Prudence Binti Yusof
Non-Independent Non-Executive Director

Fung Heen Choon
Non-Independent Non-Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin
Independent Non-Executive Director

Teh Bee Tein
Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director

Dato' Sukumaran s/o Ramasamy
Non-Independent Non-Executive Director

Lee Cheang Mei
Alternate Director to Mr. Fung Heen Choon

Dato' Tan Fok Wah
Alternate Director to Dato' Sukumaran s/o Ramasamy

AUDIT COMMITTEE

Teh Bee Tein
Chairman, Independent Non-Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin
Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director

REMUNERATION COMMITTEE

Nor Hishammuddin Bin Dato' Mohd Nordin
Chairman, Independent Non-Executive Director

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Teh Bee Tein
Independent Non-Executive Director

NOMINATION COMMITTEE

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Chairman, Senior Independent Non-Executive Chairman

Nor Hishammuddin Bin Dato' Mohd Nordin
Independent Non-Executive Director

Teh Bee Tein
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Teh Bee Tein Chairman

Megat Joha Bin Megat Abdul Rahman Member

Nor Hishammuddin Bin Dato' Mohd Nordin Member

Fung Heen Choon Member

Dato' Sukumaran s/o Ramasamy Member

Foo Loke Yean Member

Chaw Pei Yee Member

Teoh Kar Hoe Member

GROUP MANAGEMENT TEAM

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Chaw Pei Yee
Senior Manager – Finance & Administration

Teoh Kar Hoe
Internal Audit Manager

Fung Heen Choon
Executive Director – Continental Resources Sdn Bhd

Lee Cheang Mei
Executive Director – Continental Resources Sdn Bhd

Dato' Sukumaran s/o Ramasamy
Managing Director – Palmtop Vegeoil Products Sdn Bhd

Dato' Tan Fok Wah
Executive Director – Palmtop Vegeoil Products Sdn Bhd

Baharuddin Bin Basirun
Chief Operating Officer – Continental Resources Sdn Bhd

Foo Loke Yean
Chief Executive Officer – Doe Industries Sdn Bhd

COMPANY SECRETARIES

Tan Lai Hong MAICSA 7057707

On Pooi Fong MAICSA 7018189

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
Fax: 03–7841 8151

REGISTERED OFFICE

Suite A-11-1, Level 11, Hampshire Place Office
157 Hampshire
No. 1, Jalan Mayang Sari
50450 Kuala Lumpur
Tel: 03–2182 7333
Fax: 03–2166 7208

AUDITORS

BDO (AF 0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tunku Abdul Rahman
50100 Kuala Lumpur
Tel: 03–2616 2888
Fax: 03–2616 3190

PRINCIPAL BANKERS

Affin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad

LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : CIHLDG Stock Code : 2828

NOTICE OF THIRTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting of the Company will be held at **Grand Pullman Ballroom, Level 3, Pullman Kuala Lumpur City Centre Hotel & Residences, Jalan Conlay, 50450 Kuala Lumpur on Thursday, 27 October 2016 at 10:00 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2016 together with the Directors' and Auditors' Reports thereon. *Please refer to Explanatory Note 1*
2. To declare first and final single-tier dividend of 5 sen per ordinary share of RM0.50 each for the financial year ended 30 June 2016. *Ordinary Resolution 1*
3. To approve the payment of Directors' fees of RM105,000.00 for the financial year ended 30 June 2016. *Ordinary Resolution 2*
4. To re-elect the following Directors, who retire by rotation in accordance with Article 92 of the Company's Articles of Association :
   (i) Encik Nor Hishammuddin Bin Dato' Mohd Nordin *Ordinary Resolution 3*
   (ii) Mr. Kasinathan a/l Tulasi *Ordinary Resolution 4*
5. To consider and if thought fit, to pass the following resolution in accordance to Section 129(6) of the Companies Act, 1965: *Ordinary Resolution 5*

   "THAT pursuant to Section 129(6) of the Companies, Act, 1965, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz who is over the age of seventy years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."
6. To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. *Ordinary Resolution 6*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:

7. **Continuing in Office as Independent Non-Executive Directors**

   7.1 "THAT subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." *Ordinary Resolution 7*

   7.2 "THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Encik Nor Hishammuddin Bin Dato' Mohd Nordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." *Ordinary Resolution 8*
8. **Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965** *Ordinary Resolution 9*

   "THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being.

   AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

ANY OTHER BUSINESS

9. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF THIRTY-EIGHTH ANNUAL GENERAL MEETING
(cont'd)

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that a first and final single-tier dividend of 5 sen per ordinary share of RM0.50 each for the financial year ended 30 June 2016 will be payable on 11 November 2016 to depositors whose names appear in the Record of Depositors at the close of business on 27 October 2016 if approved by the members at the Thirty-Eighth Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4:00 p.m. on 27 October 2016 in respect of ordinary transfer; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

ON POOI FONG (MAICSA 7018189)
TAN LAI HONG (MAICSA 7057707)
Company Secretaries

Kuala Lumpur
30 September 2016

Notes:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 20 October 2016. Only a member whose name appears in the Record of Depositors as at 20 October 2016 shall be entitled to attend the Meeting and to speak and vote thereat.

2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. A member of the Company may appoint a proxy or proxies to attend the Meeting. Where a member appoints two or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

7. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in the case of a poll, not less than twenty-four (24) hours before the time appointed in taking of the poll, and in default the instrument of proxy shall be treated as valid.

8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirement, voting at the Thirty-Eighth Annual General Meeting of the Company will be conducted by poll, rather than a show of hands. Independent Scrutineers will be appointed to conduct the polling process and to verity the results of the poll respectively.

NOTICE OF THIRTY-EIGHTH ANNUAL GENERAL MEETING
(cont'd)

Explanatory Notes to the Agenda:

Item 1 of the Agenda

This item of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

Item 7.1 of the Agenda

The Nomination Committee has assessed the independence of Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and the Board, upon the Nomination Committee's recommendation, had recommended for shareholders' approval for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.
b) He understands the main drivers of the business in a detailed manner.
c) He consistently challenged management in an effective and constructive manner.
d) He actively participated in board discussion and provided an independent voice on the board.

Item 7.2 of the Agenda

The Nomination Committee has assessed the independence of Encik Nor Hishammuddin Bin Dato' Mohd Nordin who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and the Board, upon the Nomination Committee's recommendation, had recommended for shareholders' approval for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.
b) He has vast experience in the legal field and was able to provide constructive and independent judgment from the legal perspective of the business.
c) He consistently challenged management in an effective and constructive manner.
d) He actively participated in board discussion and provided an independent voice on the board.

Item 8 of the Agenda

The proposed Ordinary Resolution 9 is to empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

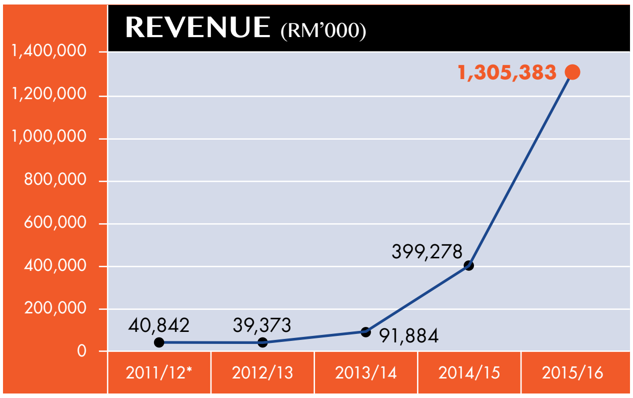
Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965.

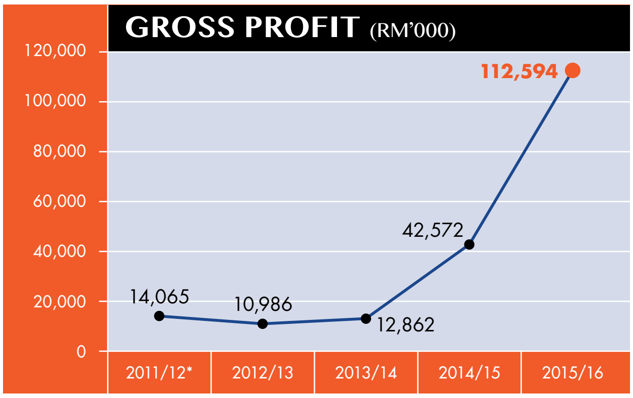
This is a new mandate to be obtained from the shareholders of the Company and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

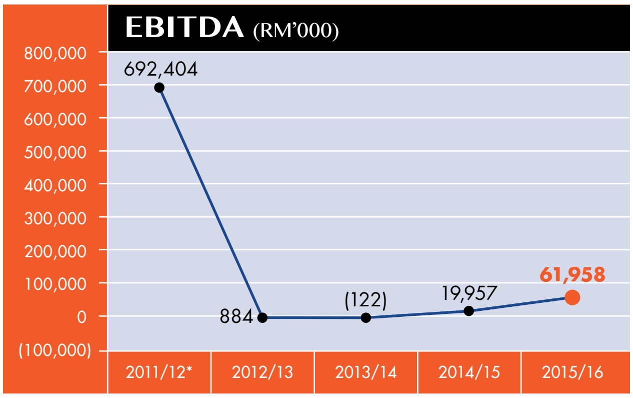
This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

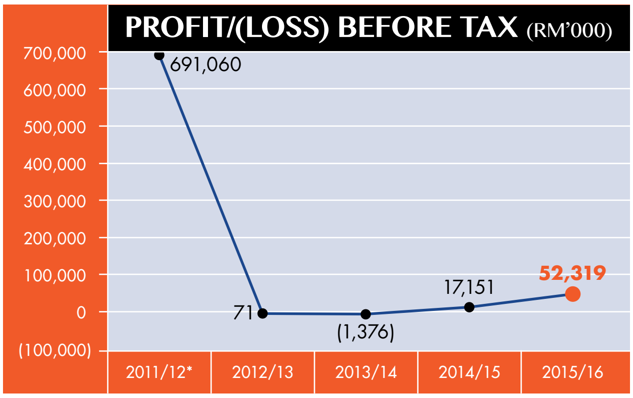
This mandate would provide flexibility to the Company for any possible fund raising exercise, including but not limited for further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares.

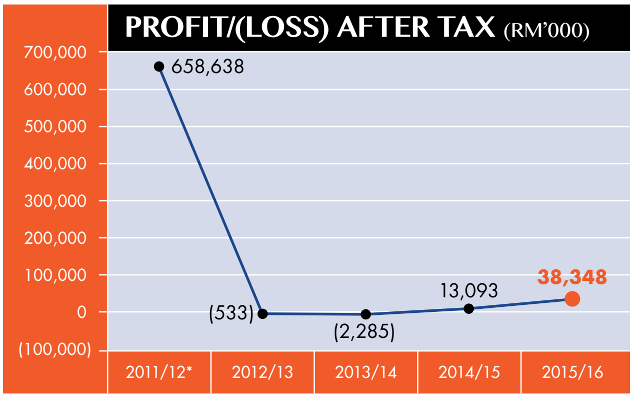
5-YEAR GROUP'S FINANCIAL HIGHLIGHTS

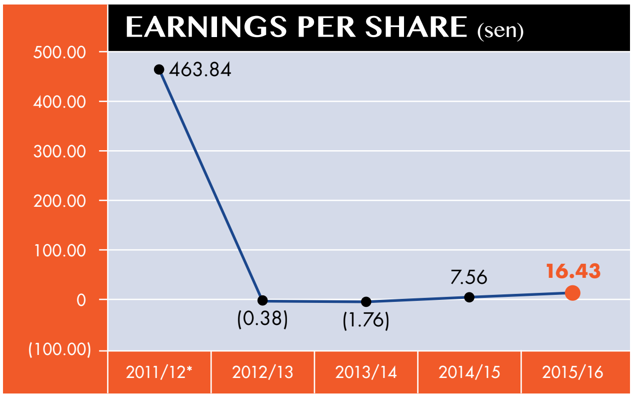


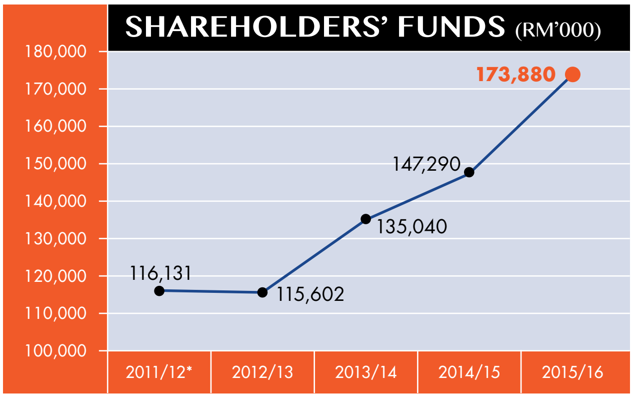


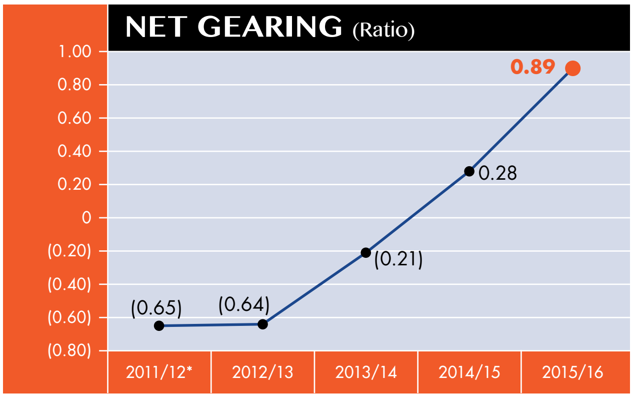












** Results driven largely by the RM688.43 million accounting gain from the disposal of Permanis Sdn Bhd.*

5-YEAR GROUP'S FINANCIAL HIGHLIGHTS
(cont'd)

Year Ended 30 June	2011/12*	2012/13	2013/14	2014/15	2015/16
Revenue (RM '000)	40,842	39,373	91,884	399,278	**1,305,383**
Gross Profit (RM '000)	14,065	10,986	12,862	42,572	**112,594**
Gross Profit (%)	34%	28%	14%	11%	**9%**
EBITDA (RM '000)	692,404	884	(122)	19,957	**61,958**
EBITDA (%)	1695%	2%	0%	5%	**5%**
Profit/(Loss) Before Tax (RM '000)	691,060	71	(1,376)	17,151	**52,319**
Profit/(Loss) Before Tax (%)	1692%	0%	-1%	4%	**4%**
Profit/(Loss) After Tax (RM '000)	658,638	(533)	(2,285)	13,093	**38,348**
Profit/(Loss) After Tax (%)	1613%	-1%	-2%	3%	**3%**
No. of Ordinary Share on Issue (000s)	142,000	142,000	[1]145,507	162,000	**162,000**
Earnings Per Share (sen)	463.84	(0.38)	(1.76)	7.56	**16.43**
Shareholders' Funds (RM '000)	116,131	115,602	135,040	147,290	**173,880**
Net Gearing (Ratio)	(0.65)	(0.64)	(0.21)	0.28	**0.89**

[1] *Weighted Average Number of Ordinary Shares in Issue*
* *Results driven largely by the RM688.43 million accounting gain from the disposal of Permanis Sdn Bhd.*

DIRECTORS' PROFILE

YBhg TAN SRI DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Senior Independent Non-Executive Chairman

YBhg Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 72, male, a Malaysian, was appointed to the Board as an Executive Director on 25 November 1999. On 12 July 2001, he was re-designated as a Non-Independent Non-Executive Chairman of the Company. On 1 November 2003, he qualified as an Independent Non-Executive Chairman. Subsequently, he was appointed as Senior Independent Non-Executive Chairman on 25 August 2010. He is also the Chairman of the Nomination Committee.

He holds a Master of Arts Degree in International Relations and Strategic Studies from the University of Lancaster, England, and a Master of Human Sciences Degree (History and Civilization) from the International Islamic University, Malaysia. He served in the Royal Malaysian Air Force (RMAF) for 32 years and attained the position of the Chief of the Air Force in 1993 before retiring in November 1996.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, YBhg Tan Sri Dato' Seri Abdul Ghani does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Encik MEGAT JOHA BIN MEGAT ABDUL RAHMAN

Group Managing Director

Encik Megat Joha Bin Megat Abdul Rahman, aged 53, male, a Malaysian, was appointed to the Board on 18 April 2013 as an Executive Director. Subsequently, he was re-designated as Group Managing Director on 29 July 2015. Currently, he is also a member of the Remuneration Committee and Risk Management Committee.

He is a USA trained and qualified accountant who graduated from Boston University, Massachusetts with a Degree in Accounting & Finance in 1986 and started his career with Peat Marwick Mitchell, Chicago, USA. Having passed the USA CPA examination in 1987 in Chicago he returned to join the KPMG Kuala Lumpur office in 1988.

In 1991, he joined Kumpulan FIMA Berhad where he served in various capacities as Vice President for the Agro-based group and Business development and as Executive Director and Chief Executive Officer ("CEO") for Percetakan Keselamatan Nasional and Security Printers, of FIMA Berhad.

In 1998, Encik Megat Joha joined the Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Malaysia Securities Berhad) as Investigations Senior Manager for Market Supervision. In 1999, he led the project team in establishing the Labuan International Financial Exchange ("LFX") for the KLSE, and held the post of Assistant General Manager at LFX till 2002.

He left the KLSE in early 2002 to assume the post of Chief Operating Officer cum Executive Director (Operations) at Mayban Securities Sdn Bhd until late 2005.

His various other stints included project sales at Sigma AIT Sdn Bhd, business development and project management at Scomi Engineering Berhad, Group CEO of Majuperak Holdings Berhad and lastly as General Manager at Boustead Sissons Paints Sdn Bhd.

He is currently a Board member of Central Cables Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Encik Megat Joha does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

YBhg DATIN MARIAM PRUDENCE BINTI YUSOF

Non-Independent Non-Executive Director

YBhg Datin Mariam Prudence Binti Yusof, aged 63, female, a Malaysian was appointed to the Board on 27 July 2005 as Non-Independent Non-Executive Director.

She graduated with BA (Honours), University of Malaya in 1974. She started her career in the field of human resource and organizational development with multinational companies, namely Motorola (M) Sdn. Bhd., Intel (M) Sdn. Bhd., Shell Malaysia Sdn. Bhd. and Nestle (M) Sdn. Bhd. In 1984, she entered the field of stockbroking and was the Executive Director of Equity Market of MIDF Amanah Investment Bank Bhd (Formerly known as MIDF Sisma Securities Sdn. Bhd.), until her retirement.

Her other previous appointments include being a Member of the Kuala Lumpur Stock Exchange Committee (KLSE), a Director of Labuan International Financial Exchange Inc. (LFX), a Director of Securities Clearing Automated Network Services Sdn. Bhd. (SCANS) and a Director of Research Institute & Investment Analyst Malaysia (RIIAM) and Trustee of the Bumiputera Training Fund of the Securities Commission (SC). She was also the Chairman of the Membership Committee of the KLSE. She retired from the Board of KLSE and its subsidiaries on 10 April 2004.

In year 2002, she was elected as Chairman of the Association of Stockbroking Companies of Malaysia (ASCM) with the primary role of spearheading the demutualization of KLSE to its new entity, Bursa Malaysia Berhad.

On 26 August 2002, she was appointed as a member of the National Economic Action Council (NEAC) by the Prime Minister of Malaysia, and served until the election of the new Prime Minister.

She has no directorships in other public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest.

Other than traffic offences, she does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Ms. TEH BEE TEIN

Independent Non-Executive Director

Ms. Teh Bee Tein, aged 60, female, a Malaysian, was appointed to the Board on 15 April 2009 as an Independent Non-Executive Director. Currently, she is the Chairman of the Audit Committee and Risk Management Committee, and also a member of the Nomination Committee and Remuneration Committee.

Ms. Teh is a member of the Malaysian Institute of Accountants (MIA) and also a Fellow of the Association of Chartered Certified Accountants – United Kingdom. She has over 30 years experience in public accounting practice, both in Malaysia and the United Kingdom. She is currently the Managing Partner of B.T. Teh, Thiang & Co. – Chartered Accountants (Petaling Jaya), a partner of Thiang & Co. – Chartered Accountants (Klang) and the Managing Director of B.T. Teh Tax Services Sdn Bhd.

She is currently a Board member of LCTH Corporation Berhad. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest.

Other than traffic offences, Ms. Teh does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Encik NOR HISHAMMUDDIN BIN DATO' MOHD NORDIN
Independent Non-Executive Director

Encik Nor Hishammuddin Bin Dato' Mohd Nordin, aged 50, male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30 May 2001. Currently, he is also the Chairman of the Remuneration Committee and a member of the Nomination Committee and Risk Management Committee.

He holds a Bachelor of Law (LL.B) degree with honours and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1994. He is presently the Managing Partner of Messrs Hisham Yoong – K.C. Lim, a legal firm.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Encik Nor Hishammuddin does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Mr. KASINATHAN A/L TULASI
Independent Non-Executive Director

Mr. Kasinathan a/l Tulasi ("Mr. Sunther"), aged 58, male, a Malaysian, was appointed to the Board on 8 February 2011 as an Independent Non-Executive Director.

He holds a Bachelor of Law (LL.B) degree with honours from the University of London (External), and he is also a Barrister (Lincoln's Inn). He started his career as a Legal Executive in Messrs Shah & Burke and read in the chambers of Mr. Philip Waller QC in London. Mr. Sunther returned to Malaysia and was called to the Malaysian Bar on 27 September 1991. Upon being called to the Bar, he joined the legal firm of Messrs Sajali, Amier & Partners. In December 1992, Mr. Sunther resigned from Messrs Sajali, Amier & Partners to set up the partnership of Messrs A. Zahari Thulasi now known as Messrs Affendi Zahari.

He is currently a Board member of Central Cables Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Mr. Sunther does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

DIRECTORS' PROFILE
(cont'd)

Mr. FUNG HEEN CHOON
Non-Independent Non-Executive Director

Mr. Fung Heen Choon, aged 59, male, was appointed to the Board on 7 May 2014 as Non-Independent Non-Executive Director. He is currently a member of the Risk Management Committee.

He is the co-founder and Executive Director of Continental Resources Sdn Bhd (173543-U) ("CRSB"), a wholly-owned subsidiary of the Company. He obtained his Bachelor of Arts degree in Economics from North East London Polytechnic, United Kingdom, in 1982. He has more than 20 years of experience in the edible oils industry where his core competency is in operations, accounting and finance.

Mr. Fung began his career as an account assistant in London's E.F. Hutton Pte Ltd in 1984 and was responsible for contract reconciliation and producing financial reports. In 1987, Mr. Fung returned to Malaysia and joined Seccon Management Services Sdn Bhd as Manager and served the company for a period of three (3) years. Mr. Fung was responsible for the business development of the company as well as secretarial and management consultation services to its clients. Mr. Fung resigned from Seccon Management Services Sdn Bhd in 1990 and co-founded CRSB where he was appointed Executive Director of CRSB, a position he continues to hold till today.

Mr. Fung is responsible for managing the administration and factory operations of CRSB, including evaluation and implementation of operational expansion plans, licensing, financial strategies and cash flow as well as securing trade facilities and financing from financial institutions.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Mr. Fung does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

DATO' SUKUMARAN S/O RAMASAMY
Non-Independent Non-Executive Director

Dato' Sukumaran s/o Ramasamy ("Dato Kumar"), aged 59, male, a Malaysian was appointed to the Board on 10 June 2015 as Non-Independent Non-Executive Director. He is currently a member of the Risk Management Committee.

After completing his secondary education, Dato' Kumar began his career in 1981 as a Plant Manager in Ngo Chew Hong Edible Oil Pte Ltd (subsidiary of Mewah International, a listed company in the Singapore Stock Exchange) and advanced in several positions in the company before becoming the Chief Executive Officer of the company. This equipped him with extensive knowledge on the daily operations of the company including production, finance and consumer marketing.

Dato' Kumar left the company in 2011 and co-founded Saber Pte Ltd where he was appointed Managing Director of Saber Pte Ltd. Dato' Kumar has over thirty (30) years of experience in the palm oil industries, specifically in the consumer pack segment. He is now the Managing Director of Palmtop Vegeoil Products Sdn Bhd. He is a well-known and respected figure in the industry with good relationships built with brokers and raw material suppliers. Dato' Kumar managed to achieve RM1.8 billion turnover for Saber Pte Ltd by the fourth year of operations and he had successfully distributed edible oils and fats in retail packings to over 120 countries in Asia, Middle East, Australasia and Pacific Islands, Indian sub-continents, Africa, Caribbean Islands, Commonwealth of Independent States region and Europe within a period of four years.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Dato' Kumar does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Ms. LEE CHEANG MEI

Alternate Director to Mr. Fung Heen Choon,
Non-Independent Non-Executive Director

Ms. Lee Cheang Mei, aged 57, female, a Malaysian, was appointed to the Board on 7 May 2014 as an Alternate Director to Mr. Fung Heen Choon.

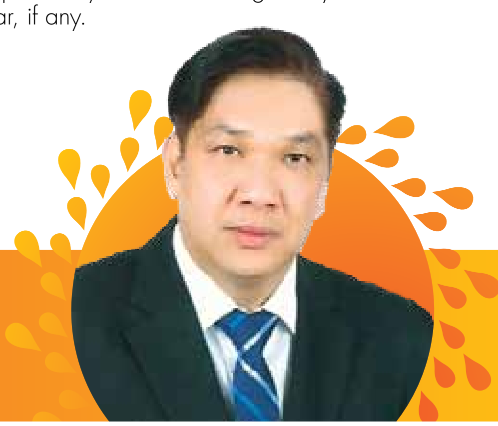
She is the co-founder and Managing Director of Continental Resources Sdn Bhd (173543-U) ("CRSB"), a wholly-owned subsidiary of the Company. She obtained her Certificate of Administrative Management from the administration and business management professional body, Institute of Administrative Management, in 1983. She has more than 30 years of experience in the edible oils industry where her core competency is in the marketing and sales of edible oils.

Ms. Lee began her career as a marketing executive in Felda Marketing Services Sdn Bhd in 1981 where she was responsible for the export sales of palm oil and its downstream products. During her seven (7) years tenure with Felda Marketing Services Sdn Bhd, she successfully developed the export market for two (2) regions, namely Asia (including Australasia) and the Middle East. Ms. Lee then joined Seacourt Pty Ltd, Australia in 1988 as Marketing Director where she was responsible to explore and create business opportunities as well as marketing of Malaysia's palm oil and other liquid oil products to Australian consumers. In 1990, Ms. Lee left Seacourt Pty Ltd and co-founded CRSB where she was appointed Managing Director of CRSB.

Ms. Lee's current position as Executive Director of CRSB is responsible for identifying, developing and directing the implementation of CRSB's business strategies to ensure growth and progress in expanding market presence in the Asia (including Australasia), Middle East and Africa regions. She is also responsible for product development, brand and company positioning as well as ensuring a positive culture and working environment to achieve optimum employee productivity.

She has no directorships in other public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest.

Other than traffic offences, Ms. Lee does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.



DATO' TAN FOK WAH

Alternate Director to Dato' Sukumaran s/o Ramasamy,
Non-Independent Non-Executive Director

Dato' Tan Fok Wah, aged 46, male, a Malaysian was appointed to the Board on 10 June 2015 as an Alternate Director to Dato' Sukumaran s/o Ramasamy.

After completing his secondary education, Dato' Tan Fok Wah began his career in 1993 to 2004 as a proprietor at TL stainless Steel & Machinery Works in Johor. He specialises in engineering work and fabrications of packaging machineries for liquid filling for detergent, drinking water and edible oil. In 2005, he joined Wasawell Oil and Fats Sdn Bhd as General Manager to manage the operation of edible oil packing until 2008. He is the co-founder of Palmtop Vegeoil Products Sdn Bhd ("Palmtop") where he was appointed as Executive Director.

Dato' Tan Fok Wah is responsible for the administration and factory operation of Palmtop including production planning, material planning and designing and configuring packaging solutions. His vast technical expertise is an advantage to the Group.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Dato' Tan Fok Wah does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

GROUP MANAGEMENT TEAM'S PROFILE

Encik MEGAT JOHA BIN MEGAT ABDUL RAHMAN
Group Managing Director
(Please refer to page 9 of Directors' Profile)

Mr. FUNG HEEN CHOON
Executive Director – Continental Resources Sdn Bhd
(Please refer to page 12 of Directors' Profile)

Ms. LEE CHEANG MEI
Executive Director – Continental Resources Sdn Bhd
(Please refer to page 13 of Directors' Profile)

DATO' SUKUMARAN S/O RAMASAMY
Managing Director – Palmtop Vegeoil Products Sdn Bhd
(Please refer to page 12 of Directors' Profile)

DATO' TAN FOK WAH
Executive Director – Palmtop Vegeoil Products Sdn Bhd
(Please refer to page 13 of Directors' Profile)

Ms. CHAW PEI YEE
Senior Manager, Finance and Administration

Ms. Chaw Pei Yee, aged 51, female, a Malaysian, holds a Master's Degree in Business from the Victory University of Technology, Australia. She is a member of both the Malaysian Institute of Accountants and the Certified Practising Accountant Australia. Currently, she is a member of the Risk Management Committee.

She has more than 9 years of experience in the external audit field covering a wide range of industries including property development, manufacturing, construction, hotel, plantations and investment holdings. Prior to joining the Company, she was an Accountant of a Public Listed Company in the Property Development sector.

She joined the Company as an Accountant and was appointed as Senior Manager, Finance and Administration on 16th April 2007. She oversees the finance, tax, administration and human resources of the Company.

Mr. TEOH KAR HOE
Internal Audit Manager

Mr. Teoh Kar Hoe, aged 52, male, a Malaysian, is the Associate Member of The Association Of International Accountant and the Chartered Member of The Institute Of Internal Auditors Malaysia. Currently, he is a member of Risk Management Committee.

He has more than 20 years experience in internal audit field. Having started his internal audit career in MBf Holdings Berhad in 1992 as an Internal Audit Executive, and join KYM Holdings Berhad in 1998 as Head of Group Internal Audit and also responsible for audit functions to TSM Global Berhad, an associate company to KYM Holdings Berhad.

He joined the Company on 24 May 2004 as an Internal Audit Manager. He is primarily responsible for the internal audit function of the Group.

GROUP MANAGEMENT TEAM'S PROFILE
(cont'd)

Encik BAHARUDDIN BIN BASIRUN
Chief Operating Officer of Continental Resources Sdn Bhd

Encik Baharuddin Bin Basirun, aged 53, male, a Malaysian, was appointed as the Chief Operating Officer of Continental Resources Sdn Bhd ("CRSB") on 1 May 2015.

After obtaining a Diploma in Accountancy from Universiti Teknologi MARA (UiTM), he began his career, in 1984, as an Assistant Accountant at the Klang Port Authority (KPA). In 1986, he furthered his studies, pursuing the Chartered Institute of Management Accountant (CIMA) qualifications at the Accountancy Tutors, London, United Kingdom. In 1992, upon his returned to Malaysia, he joined the privatised Klang Port Management as an Assistant Accountant.

In 1995, he joined PDX Computers Sdn Bhd as a Senior Executive (Finance). Concurrently, he obtained his Bachelors of Accounting from Universiti Teknologi MARA ("UiTM"), Shah Alam, Malaysia and in 1996, he joined Prolink Development Sdn Bhd, as an Assistant Manager (Finance).

In 1997, he joined Konsortium Logistic Berhad ("KLB"), as an Accountant and his last position with KLB was as its Vice President. In 2004, he joined Ayamas Food Corporation Sdn Bhd ("Ayamas"), as a Senior Manager and in 2007 was promoted to the position of Deputy General Manager of KFC Manufacturing Sdn Bhd. His last position prior to joining CRSB, was as the Deputy General Manager of Ayamas. During his ten (10) years with the QSR Group, he successfully set-up the Logistics Division, warehouse management system, re-engineering of its manufacturing system and production management system.

Currently, En. Baharuddin is the Chief Operating Officer of CRSB and is responsible for managing the operations and financial of the Group's Edible Oils Division including production planning, material planning, supply chain management, quality management, licensing, financial strategies, cash flow as well as securing trade facilities and financing from financial institutions.

Mr. FOO LOKE YEAN
Chief Executive Officer of Doe Industries Sdn Bhd

Mr. Foo Loke Yean, aged 51, male, a Malaysian, is a Graduate Member of The Chartered Institute of Marketing and Institute of Commercial Management, United Kingdom. After graduating he continued to pursue Advance Diploma in Business and Management from West Glamorgan Institute of Higher Education, Wales, United Kingdom. Currently, he is a member of Risk Management Committee of the holding company, C.I. Holdings Berhad.

Prior to joining Doe Industries Sdn Bhd ("Doe") in July 2001, he was with Hume Industries Berhad – Concrete Division as Sales Manager from 1990 to 2001. He has 25 years' experience in Building Material Industry.

He joined Doe in 2001 as Sales Manager later promoted in 2007 to General Manager – Sales and Marketing and subsequently in August 2009 was promoted to Chief Executive Officer of Doe Group of Companies. He is overall in charge of the Operation and Business Development of Tap ware and Sanitary Ware Division.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS;

On behalf of the Board of Directors (the "Board") of C.I. Holdings Berhad (the "Company"), I am pleased to hereby present the 2016 Annual Report incorporating the Financial Statements of C.I. Holdings Berhad and its subsidiaries (the "Group") for the financial year ended 30 June 2016.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded total revenue of RM1.31 billion, an increase of 227 percent compared to revenue of RM399.28 million last year. The Group also recorded profit before tax of RM52.32 million as compared to a profit before tax of RM17.15 million last year. The increase as aforesaid was mainly attributable to the Edible Oil Products Division, given the soft property development market which has adversely affected the sales of the Tap and Sanitary Ware Division.

The Group ended the financial year under review with a net profit of RM38.35 million as compared to last year's net profit of RM13.09 million. The current year's result is based on the full year's performance following from the previous year's acquisition of the Palmtop Vegeoil Products Sdn Bhd Group ("Palmtop Group").

REVIEW OF CONTINUING OPERATION

Edible Oil Products Division

The Edible Oil Products Division consists of Continental Resources Sdn Bhd ("CRSB") and the Palmtop Group.

CRSB operating out of two plants is based in Banting, Klang comprising 17 packing lines with a rated packing capacity of 260,000 metric tonnes of edible oils per annum and 25 oil tanks with a total capacity of 2,360 metric tonnes.

Additionally, CRSB has several jerry can molding plants with a monthly production capacity of 240,000 jerry cans in various sizes per month.

The Palmtop Group comprises Palmtop Vegeoil Products Sdn Bhd, PNC Oil Factory (Malaysia) Sdn Bhd and Continental Palms Pte Ltd, operates two packing plants based in Pasir Gudang, Johor and a sales & marketing office based in Singapore. Palmtop Group comprises 14 packing lines with a packing capacity of 550,000 metric tonnes of edible oils per annum and 20 oil tanks with a total capacity of 1,800 metric tonnes.

The Edible Oil Products Division contributed a revenue of RM1.26 billion and a total profit after tax of RM38.48 million for the financial year under review.

The division exports approximately 91% of its products worldwide during the year under review, thereby increasing the risk of exposure to currency exchange. However, this risk is mitigated by way of forward currency contracts, wherever possible.

Tap and Sanitary Ware Division

The Tap and Sanitary Ware Division currently operates out of its Senawang, Negeri Sembilan factory. The division generated RM41.61 million in revenue, an increase of 3.2 percent from RM40.31 million last year. This was due to an increase in the number of retail distribution outlets, better projects sales and growth in the export markets during the year.

Notwithstanding the above, as a result of the influx of cheap imports into the market and softening of the property development market, the division recorded a loss after taxation of RM0.16 million representing a decrease of 131 percent, from a profit after tax of RM0.51 million of the previous financial year. The loss was mainly due to a one-off impairment loss on stock obsolescence and allowance for doubtful debts of RM1.35 million.

DIVIDEND

The Board is recommending for shareholders' approval, a first and final single-tier dividend of 5 sen per ordinary share of RM0.50 each for the financial year under review.

CURRENT YEAR AND FUTURE PROSPECT

The Group will remain focused on its path in growing the revenue and increasing the overall operating efficiency for both the Tap and Sanitary Ware and Edible Oil Products Divisions, alongside the aim of enhancing shareholders' value.

To this end the Edible Oil Products Division is planning to expand its packing and jerry-can molding capacities at both its locations by investing in more efficient and less labour intensive machines.

With the softening of the property development market, the Tap and Sanitary Ware Division has streamlined its operations by collaborating with Original Equipment Manufacturers ("OEM") for the manufacture of price-sensitive tap and sanitary wares. In addition the Tap and Sanitary Ware Division has also commenced trading in other materials with the view of increasing revenue and maximizing margins.

APPRECIATION

On behalf of the Board of Directors, I would like to express our appreciation to the management and staff of the Group for their persistent commitment and dedication.

My gratitude also goes to our loyal shareholders, business associates, and bankers for the continuous support, assistance and confidence given to us.

Finally, I would like to thank my fellow Board members for their good counsel, invaluable contribution and unwavering support throughout the year.

TAN SRI DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") considers that the Company and its subsidiaries (the "Group") have applied the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the "Code") and will continue to review the existing corporate governance practices and policies throughout the Group in ensuring full compliance with the recommendations of the Code.

This statement, which is made pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out the manner in which the Group has adopted the Code and the extent to which it has applied the principles and the recommendations of the Code.

1. BOARD OF DIRECTORS

1.1 Board Composition and Balance

The Group is led and managed by an experienced Board comprising of members with background in relevant fields such as business administration, public service, legal, accountancy, corporate finance, organisational development and fast moving consumer goods.

The Board has established a policy on gender diversity of the Board, setting a target of having at least two (2) women Directors on Board. The Board has met its target of having two (2) women Directors on Board.

As at the date of this Statement, the Board comprises eight (8) principal Directors and two (2) alternate directors. Out of the eight (8) principal Directors, four (4) are independent non-executive Directors and their respective number of other Directorships held in other Listed Companies are appended below. The Company has thus complied with Paragraph 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors (whichever is higher) to be independent. Profiles of the Directors are set out on pages 8 to 13 of this Annual Report. The Company also met the recommendation of the Code in term of the composition of independent board members.

Directors	Designation	No. of Directorships in Other Listed Companies
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	–
Megat Joha bin Megat Abdul Rahman	Group Managing Director	–
Nor Hishammuddin bin Dato' Mohd Nordin	Independent Non-Executive Director	–
Datin Mariam Prudence binti Yusof	Non-Independent Non-Executive Director	–
Teh Bee Tein	Independent Non-Executive Director	1
Kasinathan a/l Tulasi	Independent Non-Executive Director	–
Fung Heen Choon	Non-Independent Non-Executive Director	–
Dato' Sukumaran s/o Ramasamy	Non-Independent Non-Executive Director	–
Lee Cheang Mei	Alternate Director to Fung Heen Choon, Non-Independent Non-Executive Director	–
Dato' Tan Fok Wah	Alternate Director to Dato' Sukumaran s/o Ramasamy, Non-Independent Non-Executive Director	–

As at the date of this Statement, none of the Directors of the Company hold more than five (5) directorships in public listed companies. The directorships of each Director are set out in the Profiles of Directors on pages 8 to 13 of this Annual Report.

Datin Mariam Prudence Binti Yusoff, the Non-Independent Director represents major shareholders on the Board of the Company, the shares of which are held by Duclos Sdn Bhd, Leasing Corporation Sdn Bhd, Syed Ibrahim Sdn Bhd, Du Ain Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.

Minority interests of the Company are represented by the Independent Directors by virtue of their independence. They play a vital role in protecting the rights of the minority shareholders and as such, none of the Independent Directors participate in the day-to-day management of the Company in order to ensure that they are able to provide unbiased and independent views and judgements during evaluations of management's proposals and strategies.

1.2 Roles and Responsibilities of the Chairman and the Group Managing Director

The roles of the Chairman and the Group Managing Director are separated with a clear division of responsibilities between them to ensure balance of power and authority. The Chairman leads the strategic planning at the Board level, whilst the Group Managing Director is responsible for the implementation of the policies laid down by the Board and executive decision-making.

All Board members are independent in their judgements on issues of strategy, performance, risk management, resources and standards of conduct.

In adherence with Code, the Chairman is an unrelated non-executive independent director.

1.3 Duties and Responsibilities of the Board

The Board, with its collective and overall responsibility in leading and directing the Group's strategic affairs, has the ultimate responsibility for corporate governance and formulation of policies and plays a key role in charting the vision, strategic direction, development and control of the Group as well as overseeing the investment of the Company.

There is a schedule of matters reserved specifically for the Board's decision which includes reviewing and approving the Group's quarterly and annual results, the business plan, the direction of the Group, new investment and business proposals, the management/performance of the business of subsidiaries, corporate plans and annual budgets, acquisitions and disposals as well as material agreements, major capital expenditures and long term plans.

Additionally, the Board assumes, amongst others, the following duties and responsibilities:

(i) Overseeing and evaluating the conduct and performance of the Company and the Group;
(ii) Identifying principal risks and ensuring implementation of a proper risk management system;
(iii) Establishing a succession plan;
(iv) Overseeing the development and implementation of a shareholder communication policy for the Company; and
(v) Reviewing the adequacy and the integrity of management information and internal controls system of the Company.

1.4 Company Strategies for Sustainability

The Board is committed to implementing responsible and sustainable corporate practices. The Company had embraced good corporate responsibility and sustainability practices in the areas of stakeholder engagement, the community, workplaces and environment.

1.5 Board Meetings and Attendance

Board meetings are scheduled in advance at the end of the previous financial year prior to the commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. To ensure effective management of the Group, the Board meets at least five (5) times a year with additional meetings taking place when necessary.

During the financial year ended 30 June 2016, eight (8) Board meetings were held to review the Group's operations, to approve the quarterly financial results, year-end financial statements and other matters such as the business plan, the direction of the Group, new investment and business proposals. A summary of the attendance of each Director at the Board meetings held during the financial year under review is as follows:

Directors	No. of Board Meetings Attended	Percentage (%)
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	8/8	100.0
Megat Joha bin Megat Abdul Rahman	8/8	100.0
Nor Hishammuddin bin Dato' Mohd Nordin	8/8	100.0
Datin Mariam Prudence binti Yusof	8/8	100.0
Teh Bee Tein	8/8	100.0
Kasinathan a/l Tulasi	7/8	87.5
Fung Heen Choon	8/8	100.0
Dato' Sukumaran s/o Ramasamy	6/8	75.0

Ms. Lee Cheang Mei, the Alternate Director to Mr. Fung Heen Choon attended three (3) Board meetings during the financial year under review whereas Dato' Tan Fok Wah, the Alternate Director to Dato' Sukumaran s/o Ramasamy attended two (2) Board meetings during the financial year under review.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance records of the Directors at the Board and Board Committee Meetings during the financial year ended 30 June 2016.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the MMLR of Bursa Securities. In the intervals between Board meetings, for any matters which require the Board's decisions, approval would be obtained through Directors' circular resolution. The resolutions passed by way of such circular resolution would be noted by the Board in the next Board meetings.

An annual meeting schedule is prepared and distributed to the Board members before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees and the Annual General Meeting ("AGM") of the Company.

1.6 Supply of Information

All Directors are provided with an agenda and board papers prior to every Board meeting to enable the Directors to obtain further explanations or information, where and when necessary, in order to be properly briefed before the meeting. In addition to quantitative information, the Directors are also provided with timely and relevant updates/ information relevant to the business of the meeting, including management information on the financial and trading position of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarification on certain matters that are tabled to the Board.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharge of their functions.

The Company Secretaries attend all Board meetings and are responsible for ensuring that the Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with. The Company Secretaries also ensure that all Board deliberations, issues and conclusions reached including the substance of inquiries and responses, Board members' suggestions and the decisions made are properly recorded and maintained in the minutes of the Board meetings.

In furtherance of their duties, all Directors are empowered to seek independent external professional advice at the expense of the Company.

1.7 Appointments to the Board

The Nomination Committee scrutinises the sourcing and nomination of suitable candidates for appointment as Director of the Company before recommending to the Board for approval. The candidates must also be able to commit a sufficient amount of time to discharge their duties as a Board member.

The Board appoints its members through a formal and transparent process. The selection criteria for the new candidates for directorship encompass the required mix of skills, functional knowledge, experience, integrity and professionalism to ensure that the candidates will contribute significantly to the effectiveness of the Board. New appointees will be considered and evaluated by the Nomination Committee.

In pursuit of the diversity policy (in terms of gender, ethnicity and age), the Nomination Committee is mindful of its responsibilities to ensure that new appointments would provide the appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition.

1.8 Re-election/Re-appointment of Directors

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office at least once every three (3) years. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next AGM and shall then be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually.

In accordance with the Article 92 of the Articles of Association of the Company, the following Directors retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election:

(i) Encik Nor Hishammuddin Bin Dato' Mohd Nordin
(ii) Mr. Kasinathan a/l Tulasi

In accordance with Section 129(2) of the Companies Act, 1965, Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz, who is above seventy (70) years of age, is due to retire at the forthcoming AGM and being eligible, offers himself for re-appointment.

1.9 Annual Assessment of Independence

In maintaining the independence of the Independent Directors, annual assessment is performed in order to mitigate risks arising from conflict of interests or undue influence affecting their independence. The assessment is conducted via the Assessment Sheet for each of the Independent Directors of the Company to ensure that the Director is able to exercise independent judgment, impartiality and objectivity in the best interest of the Company.

It is also the Directors' responsibility to declare to the Board whether they have any potential or actual conflict of interest in any transactions or in any contract or proposed contract with the Company or any of its related companies. Where issues involve conflict of interest, the Directors will abstain from discussion and voting on the matters as well as abstain from any other decision making process in relation to these transactions.

A self-assessment of independence was also carried out by each of the Independent Directors based on the self-assessment of independence, the Independent Directors have declared that they fulfilled the criteria of independence, as defined under the Listing Requirements of Bursa Securities. The Nomination Committee and the Board then performed an assessment on the independence of the Independent Directors. The Board is generally satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

The Nomination Committee has assessed the independence of Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz and Encik Nor Hishamuddin bin Dato' Mohd Nordin, who served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and the Board, upon the Nomination Committee's recommendation, had recommended for shareholders' approval for them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(a) They fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.

(b) They understand the main drivers of the business in a detailed manner.

(c) They consistently challenged management in an effective and constructive manner.

(d) They actively participated in board discussion and provided an independent voice on the board.

1.10 Board Charter

The Board is accountable and responsible for the performance and governance activities of the Group with a view of protecting shareholders' interest and recognising the interests of all other stakeholders namely customers, suppliers, contractors, employees, regulators, members of the communities and all others with whom the Company interfaces.

This Board Charter serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees, the role of the Group Managing Director, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices. The Board will review and update the Board Charter periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available at the Group's website http://www.cih.com.my.

2. BOARD COMMITTEES

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established various Board Committees to assist the Board in the running of the Group. All the Committees listed below do not have executive powers but report to the Board on all matters considered and recommend the same to the Board for approval.

2.1 Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the Internal Audit Department and ensures, receives, monitor and assesses management reports on business risks, and also ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has direct communication channels with the external and internal auditors, who report directly to the Chairman of the Audit Committee.

The Committee members and the details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2016, are as follows:-

Member	Description	Total Meetings Attended
Teh Bee Tein (MIA 3454)	Chairman, Independent Non-Executive Director	6/6
Nor Hishammuddin bin Dato' Mohd Nordin	Independent Non-Executive Director	6/6
Kasinathan a/l Tulasi	Independent Non-Executive Director	6/6

A report detailing the activities carried out by the Audit Committee during the financial year ended 30 June 2016 are set out on pages 28 to 29 under the Audit Committee Report.

2.2 Remuneration Committee

The Remuneration Committee comprised of three (3) members, appointed by the Board of Directors from amongst the Directors, consisting a majority of independent non-executive directors. In accordance to the Code, the Remuneration Committee is responsible to establish formal and transparent remuneration policies and procedures, ensuring that remuneration packages are sufficient and appropriate to attract and retain the Directors to run the Company successfully. In addition, the Committee is also responsible for recommending the framework on terms of employment and all aspects in relation to the remuneration framework of Executive Directors.

The Committee members and the details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2016, are as follows:

Directors	Description	No. of Meetings Attended
Nor Hishammuddin bin Dato' Mohd Nordin	Chairman, Independent Non-Executive Director	2/2
Teh Bee Tein	Independent Non-Executive Director	2/2
Megat Joha bin Megat Abdul Rahman	Group Managing Director	2/2

The Remuneration Committee met twice during the course of the financial year ended 30 June 2016.

YB Datuk Johari bin Abdul Ghani, who resigned from the Board on 29 July 2015, was a member of the Remuneration Committee up to 29 July 2015. He was replaced by Encik Megat Joha bin Megat Abdul Rahman, who was appointed as a member of the Remuneration Committee on 29 July 2015.

2.3 Nomination Committee

The Nomination Committee comprised of three (3) members, all of whom are Independent Non-Executive Directors. Details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2016, are as follows:

Directors	Description	No. of Meetings Attended
Tan Sri Dato' Seri Abdul Ghani bin Abdul aziz	Chairman, Senior Independent Non-Executive Director	3/3
Nor Hishammuddin bin Dato' Mohd Nordin	Independent Non-Executive Director	3/3
Teh Bee Tein	Independent Non-Executive Director	3/3

The Nomination Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Nomination Committee is entrusted with the task of conducting an annual review of the Board's performance as a whole as well as its individual members. It also considers the balance of the board membership and determines the core competencies and skills required of the Board in order to discharge its duties effectively.

The Nomination Committee met three (3) times during the course of the financial year ended 30 June 2016 and the main activities undertaken by the Committee were as follows :

(i) Reviewed the results of the Board evaluations and assessment of Independent Directors

A Board evaluation exercise was carried out to assess the effectiveness of individual Directors, the Board as a whole for the financial year ended 30 June 2016. The evaluation exercise was conducted via questionnaires, which were distributed to all the Directors and cover areas which include, amongst others, the Board's mix, composition and structure, operations, roles and responsibilities and performance/contribution of the Board Committees. The evaluation also encompassed Director's Self & Peer Evaluation, assessing the individual Director's contribution and interaction, quality of input and understanding of roles and responsibilities as a Director.

The Board's performance is measured against the criteria such as, adding value, conformance, stakeholder relationships, and performance management. The Nomination Committee met to discuss the Board effectiveness against the aforementioned criteria and collectively completed its evaluation of the Board.

(ii) Reviewed and recommended the re-election of Directors

The Nomination Committee reviewed and recommended to the Board the Directors' retiring by rotation and re-election at the AGM of the Company held on 23 November 2015.

(iii) Reviewed and assessed the independence of Independent Directors, who have served the Board for more than nine (9) years

The Nomination Committee assessed the independence of the Independent Directors, Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz and Encik Nor Hishammuddin bin Dato' Mohd Nordin who have served the Board for more than nine (9) years and recommended to the Board for their retention as Independent Non-Executive Directors of the Company at the AGM held on 23 November 2015.

(iv) Reviewed and assessed the training needs of Directors

The Nomination Committee reviewed and assessed the training needs of Directors for the financial year ended 30 June 2016.

(v) Reviewed and recommended to the Board the appointment of new Group Managing Director of the Company

Following the resignation of YB Datuk Johari bin Abdul Ghani as the Group Managing Director of the Company, the Nomination Committee reviewed and recommended to the Board the appointment of Encik Megat Joha bin Megat Abdul Rahman as the new Group Managing Director of the Company effective 29 July 2015.

All assessments and evaluations carried out by the Nomination Committee are properly documented.

3. DIRECTORS' TRAINING

All the Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd within the stipulated timeframe as required by the MMLR of Bursa Securities.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates regularly. Directors also, when necessary, receive continuing education sessions from time to time, particularly on relevant new laws and regulations and changing commercial risks.

During the financial year under review, the Directors of the Company attended and participated in various trainings, seminars and forums organised either externally or internally by the Company in areas of finance, tax, accounting and regulatory updates. Members of the Board constantly, on their own initiatives update themselves on the development of the aforesaid by way of reading related literatures and publications on the same.

Some of the development and training programmes attended by Directors for the financial year ended 2016 were as follows:

Director	Training Programme	Organiser	Date
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	CG Breakfast with Directors: Board Reward & Recognition	Bursa Malaysia Securities Berhad	26 November 2015
	Future of Auditor Reporting – The Game Changer for Boardroom	Bursa Malaysia Securities Berhad & MICPA	27 June 2016
Megat Joha bin Megat Abdul Rahman	Tax Forum Series Adapting to Change	Messrs BDO	3 November 2015
	Risk Awareness Workshop	Messrs BDO	17 February 2016 & 21 April 2016
	International Forum on the World's Economic Outlook: Challenge & Opportunities for Malaysian Companies	PNB Investment Institute Sdn Bhd	30 May 2016
Datin Mariam Prudence binti Yusof	The Proposed Companies Act, 1965 – an Outline & Comparison	Malaysian Institute of Chartered Secretaries & Administrators (MAICSA)	15 January 2016
	Anti Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFPUAA) 2001: Impact on Capital Market	CHK Consultancy Sdn Bhd	20 January 2016
Teh Bee Tein	National Tax Conference 2015	Chartered Tax Institute of Malaysia	25 & 26 August 2015
	MIA International Accountants Conference 2015	Malaysian Institute of Accountants (MIA)	26 & 27 October 2015
	The 2016 Budget Seminar	MIA	17 November 2015
	Companies Bill 2015 : A Snapshot of Changes	MIA	23 June 2016
Nor Hishammuddin bin Mohd Nordin	Preview Session on Opportunities in Data Privacy – Achieving Operational Compliance	Bar Council Malaysia	4 August 2015
	Islamic Banking	Selangor Bar Committee	21 August 2015
	Risk Awareness Workshop	Messrs BDO	17 February 2016 & 21 April 2016
Fung Heen Choon	Palm Oil Industry Leadership Forum Kuala Lumpur	Malaysian Palm Oil Council	7 September 2015
	Palm Oil Trade Fair and Seminar, Cairo, Egypt		15 December 2015
	Risk Awareness Workshop	Messrs BDO	17 February 2016 & 21 April 2016
Dato' Sukumaran s/o Ramasamy	Risk Awareness Workshop	Messrs BDO	17 February 2016 & 21 April 2016
Ms. Lee Cheang Mei (Alternate Director to Mr. Fung Heen Choon)	Palm Oil Industry Leadership Forum Kuala Lumpur	Malaysian Palm Oil Council	7 September 2015
	Palm Oil Trade Fair and Seminar, Cairo, Egypt		15 December 2015
	Risk Awareness Workshop	Messrs BDO	17 February 2016 & 21 April 2016
Dato' Tan Fok Wah (Alternate Director to Dato' Sukumaran s/o Ramasamy)	Risk Awareness Workshop	Messrs BDO	17 February 2016 & 21 April 2016

The Board acknowledges that continuous education programmes are important to enable the Directors to effectively discharge their duties. The Board will, on a continuous basis, evaluate and determine the training needs of its Directors.

4. DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for Executive Directors including making recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors. Any salary review takes into account market rates and the performance of the individual and the Group.

The remuneration package of Non-Executive Directors is also reviewed by the Remuneration Committee and recommended to the Board thereafter. The Non-Executive Directors' remuneration comprises annual fees that reflect their expected roles and responsibilities, including any additional work and contributions required.

The determination of the remuneration of each Director is a matter for the Board as a whole. Directors do not participate in decision regarding their own remuneration package.

All non-executive Directors are paid fixed annual director fees as members of the Board. In addition to fixed annual director fees, all non-executive Directors are paid a meeting attendance allowance of RM1,000 for each Board and Committee meetings attended.

All Directors' remuneration are paid out of the Company unless otherwise stated. Details of the aggregate remuneration of Directors (both the Company and the Group), including non-executive Directors during the financial year ended 30 June 2016, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are as follows:

	Group		Company	
Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Directors' Fees	–	105	–	105
Salaries[1]	2,628	–	577	–
Allowances	46	73	46	73
Bonuses[2]	2,657	–	134	–
Ex-Gratia	250	–	250	–
Total	5,581	178	1,007	178

1 Inclusive of Company's contribution to employee provident fund and social security organisation contribution.
2 Bonus for the financial year ended 30 June 2016 inclusive of employee provident fund.
** Mr. Fung Heen Choon, Dato' Sukumaran s/o Ramasamy, Ms. Lee Cheang Mei and Dato' Tan Fok Wah are executive directors of the subsidiaries and their remuneration are paid out of such subsidiaries.*

RM	Executive Directors	Non-Executive Directors	Total
50,000 and below		5	5
300,001 – 350,000	1		1
700,001 – 750,000	1		1
1,000,001 – 1,050,000	2		2
1,100,001 – 1,150,000	1		1
1,350,001 – 1,400,000	1		1

(The above disclosures include all Directors who held office during the financial year)

The disclosure of Directors' remuneration is made in accordance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The Board of Directors is of the opinion that separate disclosure will infringe upon the Directors' right of privacy.

5. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATION

5.1 Communications between the Company and Investors

The Board acknowledges the need to communicate with shareholders on all material business matters affecting the Group therefore, the Group communicates with shareholders, institutional investors and investing public at large through a number of readily accessible channels such as announcements made through Bursa Securities, press releases analyst briefings, annual reports, corporate website as well as through its AGM.

The Company is also an active member of the Malaysian Investor Relations Association. The membership enables the Company to continuously enhance and improve its investor relations practices by having access to information such as industry bulletins, newsletters, conferences and surveys.

In addition, the Board also ensures timely release of financial results with an overview of the Group's financial and operational performances. Both annual and quarterly reports have also been published significantly ahead of time over the past years.

Release of Annual Reports	Date of Issue	Deadline Imposed by Bursa Securities
Annual Report 2013	17 October 2013	31 October 2013
Annual Report 2014	9 October 2014	31 October 2014
Annual Report 2015	26 October 2015	31 October 2015
Annual Report 2016	30 September 2016	31 October 2016

Release of Quaterly Reports	Date of Announcement	Deadline Imposed by Bursa Securities
Q1 Quarterly Report 2016	23 November 2015	30 November 2015
Q2 Quarterly Report 2016	18 February 2016	29 February 2016
Q3 Quarterly Report 2016	25 May 2016	31 May 2016
Q4 Quarterly Report 2016	24 August 2016	30 August 2016

The Company has also taken steps to move beyond minimum reporting by providing shareholders with the addition of a new section for financial analysis in the notes of quarterly results.

5.2 Annual General Meeting

The AGM remains the principal forum for communication and dialogue with shareholders in which the Board reports on its stewardship to the shareholders and accounts for the Group's performance. It also provides the opportunity for interaction amongst shareholders, Directors and Management where the shareholders are encouraged to participate in the question and answer sessions. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf without being constrained by the two-proxy rule.

Notice of the AGM and Annual Report are sent to the shareholders at least 21 days before the date of the meeting. The Board has ensured each item of special business included in the notice of meeting is accompanied by an explanatory statement on the effects of the proposed resolution.

Paragraph 8.29A of the MMLR requires that any notice of any general meeting or in any notice of resolution which may properly be moved as is intended to be moved at any general meeting, is voted by poll for all AGM from 1 July 2016 onwards. The Company will be conducting its voting on all resolutions by poll accordingly.

Details of the outcome of AGM and the voting results are announced to Bursa Securities and published on the investor relations section of our corporate website.

Members of the Board and key management of the Company as well as the external auditors of the Company are available to respond to shareholders' questions during the meeting. The Board encourages other channels of communication with shareholders.

For this purpose, the Board has identified Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz, the Senior Independent Non-Executive Director to whom queries or concerns regarding the Group may be conveyed. Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz can be contacted via the following channels:

Post : Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.
Fax : 03–2166 7208
Email : info@cih.com.my

5.3 Dividend

During the financial year under review, the Board recommended a payment of first and final dividend 5 sen per ordinary share of RM 0.50 each for the financial year ended 30 June 2016.

5.4 Website

The Company strives to ensure that current shareholders, potential future shareholders, financial community and the general public would have an easy and convenient access to the Group's financial and corporate information via its website at http://www.cih.com.my.

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

The Board aims to present a balanced and comprehensive assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the annual financial statements, quarterly financial results announcements and Chairman's Statement in the Annual Report.

Quarterly financial results and annual financial statements are reviewed and deliberated by the Audit Committee to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

Ms. Teh Bee Tein who has accounting & finance qualifications and a member of the Malaysian Institute of Accountants (MIA) is the Chairman of the Audit Committee.

6.2 Risk Management and Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control and the need to review its effectiveness regularly via the Company's Internal Audit Department. Additionally, to ensure that the independence of the Internal Audit Department is preserved, the Head of Internal Audit Department reports directly to the Audit Committee.

The roles and responsibilities of the Internal Audit Department are as follows:

(i) Conduct independent review of management control systems and practices as a basis for identifying ways of improving efficiency, effectiveness and minimising financial risk;
(ii) Review the adequacy of systems and procedures established by Management to safeguard assets and provide appropriate recommendations for improvement;
(iii) Ascertain the extent of compliance with established policies, procedures and statutory requirements;
(iv) Appraise the adequacy, integrity, security, reliability and usefulness of management information systems/computer systems;
(v) Generate awareness of risk management effective control techniques throughout the organisation; and
(vi) Provide internal consultancy services to management.

Further details of the Group's system of internal control are set out in the Statement on Risk Management & Internal Control on pages 32 to 33 of this Annual Report.

6.3 Related Party Transactions

The Group has in place procedures to ensure that the Company meets its obligations under the MMLR of Bursa Securities relating to related party transactions.

A list of related parties within the Group is disseminated to the various subsidiaries to determine the number and type of related party transactions. All related party transactions are then reviewed by the Internal Auditors and a report on the reviews conducted is submitted to the Audit Committee for its review and monitoring on a quarterly basis. The report on the related party transactions entered into by the Group for the year under review is then tabled to the Board of Directors for review and approval.

6.4 Relationship with the Auditors

The Board maintains a transparent and professional relationship with the Company's Auditors both internal and external, through the Audit Committee. The Board, through the Audit Committee, seeks the external auditors' professional advice in ensuring compliance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia.

The Audit Committee meets regularly with the external auditors to discuss the audit plan, scope of audit before the commencement of audit, annual financial statements, and audit findings and make recommendations to the Board for approval. The Audit Committee also undertakes an annual assessment of the suitability and independence of the external auditors. Having satisfied with their performance, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The details of audit fee payable and non-audit fee paid or payable to the External Auditors for the financial year ended 30 June 2016 are set out below:

	RM'000	% of Total Fees Paid/Payable
Audit fee payable to Messrs BDO	222	94
Non-audit fee paid/payable to Messrs BDO	13	6
	235	100

Non-audit fee paid/payable to the external auditors, being 6% of the total fees paid/payable to the external auditors is well below the guidelines set for the mix of audit fees to maintain independence of the external auditors.

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external auditors and internal auditors are set out in the Audit Committee Report on pages 28 to 29 of this Annual Report.

6.5 Relationship with the Management

The Board maintains a close and transparent relationship with all management staff. The Board is furnished with information relating to the running of the Group's operations through various reports prepared by the management staff. This will allow them to understand the operations better and make decisions in steering the Company towards a profitable business. In addition, the Group Managing Director and/or Executive Directors also held frequent monthly management meetings with the management staff in order to discuss and plan the Group's operations.

Management seeks the Board's approval for significant changes in strategic direction, major capital expenditure items, major acquisition or divestitures as well as any other material issues.

All Directors have independent and separate access to the advice and services of the Company Secretaries.

7. CODE OF ETHICS

7.1 Code of Conduct

The Company is committed to the highest standards of ethics and business conduct and has set in place a code of conduct which governs employees conduct and behaviour in carrying out their duties and responsibilities in the day-to-day business operations. The code of conduct outlines minimum standards expected of employees in dealing with conflicts of interest, supplier relationships, interests in competitors, external businesses or activities, transactions with the Company, use of the Company's property or information, disclosure of information, personal or romantic relationships, laws and regulations, condonation, business records, illegal or questionable payments and supplier obligations.

7.2 Whistle Blowing Policy

In addition to the Code of Conduct, a Whistle Blowing Policy has been put in place. The existence of the whistle blower policy provides a mechanism and offers protection for employees to report matters such as financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. The protection of the employee who report breaches and non-compliances is in line with the Public Interest Disclosure Act which came into effect in 1999. The policy is disseminated to subsidiaries and is available for access by employees.

8. STATEMENT OF COMPLIANCE WITH THE RECOMMENDATION OF THE CODE

The Board considers that the Group has complied with the Code throughout the financial year ended 30 June 2016.

This Statement was approved by the Board of Directors on 21 September 2016.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") is pleased to present the Audit Committee Report and its activities held throughout the financial year ended 30 June 2016 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. MEMBERS OF THE AUDIT COMMITTEE

Audit Committee currently comprises the following members, all of which are Independent Non-Executive Directors. In accordance with corporate governance best practice, the Audit Committee Chairman has the necessary accounting and finance qualification. A summary of their respective attendance at the Audit Committee meetings held during the financial year are as follows:

Member	Total Meetings Attended	Percentage (%)
Teh Bee Tein (MIA 3454) – Chairman Independent Non-Executive Director	6/6	100.0%
Nor Hishammuddin bin Dato' Mohd Nordin – Member Independent Non-Executive Director	6/6	100.0%
Kasinathan a/l Tulasi – Member Independent Non-Executive Director	6/6	100.0%

The Audit Committee held six (6) meetings during the financial year ended 30 June 2016. The Group Managing Director and the Head of Internal Audit attended the Audit Committee meetings upon invitation. Other senior management personnel of the Group also attended the meetings upon invitation by the Audit Committee, as and when necessary. The Company's external auditors attended three (3) meetings during the financial year where they were invited to discuss matters relating to the statutory audit. They were also given the opportunity to raise areas of concern without the presence of the Management.

The Chairman of the Audit Committee undertakes a continuing process of engagement with the senior executives of the Company and the Group as well as the external auditors so that the Audit Committee is kept up-to-date with all important issues affecting the Company and the Group.

During the year, the Audit Committee members attended conferences, seminars and training programmes relevant to their roles and responsibilities. Details of the training attended by the Audit Committee members are disclosed on page 23 of the Annual Report.

The Audit Committee has the authority to examine specific issues and report to the Board with its recommendation. The final decision on all matters, however, lies with the entire Board of the Company.

2. ACTIVITIES OF THE AUDIT COMMITTEE

In discharging its duties and responsibilities, the Audit Committee had undertaken the following activities and work during the year:

Financial and Operations Review

(a) Reviewed the quarterly financial results focusing particularly on changes in or implementation of major accounting policy changes, significant and other legal requirements before recommending them for approval by the Board for announcement to Bursa Malaysia Securities Berhad;

(b) Reviewed the reports and the annual audited financial statements of the Company together with the External Auditors prior to tabling to the Board for approval.

In review of the annual audited financial statements, the Audit Committee had discussed with Management and the External Auditors the accounting principles and standards that and their judgement of the items that may affect the financial statements as well as issues and reservation arising from the statutory audits; and

(c) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the recommendations set out in the Malaysian Code of Corporate Governance 2012 in conjunction with the preparation of the Corporate Governance and Risk Management and Internal Control Statements.

External Audit

(a) Reviewed the performance of the External Auditors for the financial year ended 30 June 2015 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. Having satisfied with the independence, suitability and performance of Messrs BDO, the Audit Committee had recommended to the Board for approval of the re-appointment of Messrs BDO as External Auditors for the ensuing financial year end of 30 June 2016 at its meeting held on 23 November 2015.

(b) Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The Audit Committee had independence meetings with the External Auditors without the presence of Management during the review of the audited financial statements for the year ended 30 June 2015 to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by External Auditors.

(c) Reviewed the External Auditors' audit plan for the financial year end of 30 June 2016, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud consideration and the risk of management override and also the new and revised auditors reporting standards.

Internal Audit

(a) Reviewed the Internal Audit Reports on the Company and the Group during the financial year under review and the audit findings and recommendations to improve any weaknesses or non-compliance and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

(b) Reviewed and approved the Internal Audit Plan for financial year ending 30 June 2017 to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and comprehensive and that all the risk areas are audited annually.

Related Party Transactions

The Audit Committee reviewed all related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on normal commercial terms and that internal control procedures employed are both sufficient and effective.

3. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and acts independently on the activities and operations of other operating units. Its principal role is to undertake independent, regular and systematic reviews of the internal control system so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. The costs incurred for the internal audit function in respect of the financial year ended 30 June 2016 was RM276,100 (financial year ended 30 June 2015: RM257,100).

During the financial year under review, the internal auditors reviewed and assessed the operational procedures and effectiveness of internal control on all the subsidiaries of the Group. Compliance tests had also been conducted to ascertain the extent of compliance with control procedures and guidelines.

The Group Internal Audit undertakes internal audit function based on the internal audit plan. Other than the scheduled reviews, the Group Internal Audit may undertake special assignments outside the normal scope of its daily activities. Findings and recommendations for improvement as well as Management's response were presented to the Audit Committee and the Board for further deliberation.

During the internal audit process, there were no material internal control failures or significant issues discovered during the financial year under review.

CORPORATE RESPONSIBILITY STATEMENT

The Board of Directors of the Company views Corporate Responsibility ("CR") as an integral part of its businesses and realises the need to maintain the balance between the Company's economic, social and, environmental responsibilities and the interests of the Company's shareholders and various stakeholders. The Company and its subsidiaries (the "Group") track its CR activities on a quarterly basis to ensure its conformity to the Group's CR goals.

The Group is committed to its CR practices and aims to give a positive impact in the marketplace, workplace, community and environment. The Group's continuation of its CR efforts and activities during the financial year are summarised as follows:

1. MARKETPLACE

1.1 Product Responsibility

The Group prioritises its customers' satisfaction by continually offering a broad, balanced and compelling portfolio of products and brands tailored to its customers' needs.

The Group has expanded its portfolio of products by launching the DOE Plus brand featuring sophisticated, uniquely designed yet affordable taps, showers and bathroom accessories that will meet the design style of the modern architecture. The tap series incorporate technologies such as the laminar stream aerator that prevents splashing, the Mikado aerator that provides the extraordinary grid-like spray pattern with massaging functions as well as the cold start mode that saves water and energy by eliminating the opening of the tap in the mixed hot and cold water mode.

The Romano and NB series are competitively priced and has already been accepted by projects requiring quality products on a tight budget.

In the effort to ensure good durability and performance, the tap wares and mixers produced by the Group are made to comply with the British Standard BS EN200:2008 (one of the world's highest standard). Similarly, the Group's range of sanitary wares products comply with Malaysian Standards MS795, MS1522, MS147 and MS2578 and are in accordance with statutory requirements.

Our tap and sanitary wares are registered with and meet the requirements of Suruhanjaya Perkhidmatan Air Negara (SPAN), and is thus approved for use throughout Malaysia. Selected water-efficient taps and low-flushing capacity cisterns (WC) are labelled with the Malaysian Water-Efficiency Product Labelling Scheme (MWEPLS), so as to provide consumers with detailed information on the water-saving features of the products to ease their buying decision.

Meanwhile, the Group's Edible Oil Products Division continuously ensures that it conforms to the various food and quality standards imposed by the respective Government agencies and licensing bodies in Malaysia as well as in countries where the products are exported directly to its customers. The Division also adheres to the stringent food and quality standards imposed by its customers, local and abroad.

The division is proud to be awarded with various accreditations such as ISO, Good Manufacturing Practices (GMP), Hazard Analysis and Critical Control Points (HACCP), HALAL, KOSHER, MeSTI and Phytosanitary Certifications.

1.2 Stakeholder Engagement

The Group aims to optimise its business processes, effective management and good corporate governance in order to enhance stakeholder's value. An effective two-way communication with the stakeholders is important in fostering strong relationships, thus ensuring all needs and concerns are addressed in a timely and efficient manner.

In order to manage the customer's various expectations, each customer is allocated a sales representative. The Group and its operating divisions disseminate information and engage with the general public via dedicated websites. All feedbacks are addressed by the relevant head of department for further follow-up action and prompt resolution.

The Group conducts regular meetings and discussions with the existing and potential customers, both local and abroad, to discuss matters pertaining to product development, improvement and new business expansion. Customer satisfaction surveys are also conducted annually throughout the entire supply chain via products traceability and tracking to gauge feedbacks.

The Group maintains a solid relationship with established vendors and suppliers. The quality of the products are evaluated based on HACCP compliance and recorded following each completed delivery to assist the Group in identifying reliable suppliers for future supply orders.

The Group is a proud member of the Federation of Public Listed Companies Berhad, Malaysian Employers Federation, Federation of Malaysian Manufacturers, Master Builders Association Malaysia, Quality Restroom Association of Malaysia, Industry Confederation Partner of Malaysian Green Building Council, Malaysia External Trade Development Corporation and many other esteemed organisations to keep abreast of latest developments and best practices of the property development and palm oil industry.

CORPORATE RESPONSIBILITY STATEMENT
(cont'd)

2. WORKPLACE

The Group takes care of its employees' welfare and personal development by providing them with a rewarding, healthy, safe and fair workplace, in accordance to Malaysia Employment Act 1955 and their collective agreements.

The Health and Safety Committee which is tasked to ensure a safe and healthy working environment has prepared safety policies and ensured effective implementation of the said policies. Our health and safety officer is duly certified by the National Institute of Occupational Safety and Health (NIOSH). The committee has also done the Chemical Health Risk Assessment (CHRA), the Noise Mapping, the Medical Exposure Monitoring and the audiometric tests according to Occupational Safety and Health Act 1994.

All Group employees are trained on the safety procedures and provided with all necessary safety and protective equipment. Safety checks of the equipment are also conducted on a regular basis.

There has been no report of injury or accident at the work place during the year under review.

The Group continuously provides equal opportunity employment, with all ethnic groups fairly represented. As at 30 June 2016, the Group's staff ethnic composition is 29.47 percent Malay, 19.32 percent Chinese, 12.32 percent Indian and 38.89 percent others.

3. COMMUNITY

The Group is committed to contribute in the general welfare of the community, particularly in promoting water conservation and proper disposal of industrial waste into common drainage in order to preserve the surrounding environment.

In July 2015, DOE Group made contributions to the Eco World Foundation, which was set up to undertake humanitarian projects with the mission of mitigating social-shortcomings in areas of education and literacy, health and wellbeing, poverty and lack of community infrastructure, regardless of race, religion and ethnicity.

The Group, via its Edible Oil Products Divison, Continental Resources Sdn Bhd ("CRSB"), also participated in local communities' activities such as Persatuan Thalasemia Tawau, Majlis Sukan, Kebajikan Dan Kebudayaan Jabatan Bomba Dan Penyelamat Malaysia, Jawatankuasa Kemajuan Dan Keselamatan Kampung (JKKK) Kebun Baru and Persatuan Kaunseling Universiti Malaya (PERKUM).

4. ENVIRONMENT

The Group actively minimises the impact its business operations have on the environment and manages them in the following areas; raw material and energy utilisation, waste management and supply chain optimisation.

The Group implements an ongoing product wastage elimination programme, as well as product and packaging design optimisation to reduce raw material wastage and/or utilisation. It also specifies recycled packaging products. The Group also aims to conserve/reduce energy and production inputs through optimisation of its production processes. These waste management programmes are in accordance with the regulations of the Department of Environment.

The Group also promotes its extensive range of water conservation products to help its customers conserve water and energy, which conform to Malaysia's Green Building Index (GBI) and Singapore's Water Efficiency Labelling Scheme (WELS).

On the supply chain management front, the Group prioritises suppliers who are ISO 14000 (Environmental Management System; EMS) certified.

Meanwhile, the Group's Edible Oil Products Division has also implemented the appropriate procedures to minimize wastage during production whereby any oil leakages as a result of dented tins, jerry cans and spoilt PET bottles are rejected and sent to the rework area. All salvaged oil spillage are then transfered into a dedicated bullet tank and subsequently filtered into a storage tank. Any remaining oil spillage will then flow into the drain and be collected by the oil trap system and disposed off as sludge oil to approved buyers.

In addition, recyclable items such as rejected jerry cans, PET bottles, plastics, shrink-wraps, caps, inserts, carton boxes and wooden pallets are sent to a disposal area for collection by approved buyers as scrap items or paid to be disposed off.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

This Statement on Risk Management and Internal Control is made in accordance with paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, which requires Directors of listed companies to include a statement in their annual reports on the state of their risk management and internal controls.

The Board of Directors (the "Board") of C.I. Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 30 June 2016.

2. THE BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound system of internal controls and effective risk management practices in the Group to safeguard shareholders' investment and the Group's assets. The Board continuously ensures the adequacy and integrity of the overall internal control system for the Group.

However, as in any system of internal control, it is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives and therefore, it can only provide reasonable assurance but not absolute assurance against material misstatement, loss or fraud.

3. RISK MANAGEMENT

The Group had established a formal risk management framework in year 2004 which enables the management and the Board to share a common model for the effective communication and evaluation of all principal risks and controls. The Risk Framework covers a broad variety of risks, including but not limited to business continuity issues, governance issues, financial issues and operational issues.

The Risk Management Committee ("RMC") comprises eight (8) members, out of which five (5) are appointed representatives from the Board, two (2) of which are Independent Non-Executive Directors. The Chairman of the RMC is an Independent Non-Executive Director. The others are representatives from the various operating subsidiaries. The roles and responsibilities of the RMC include the following:

(a) To formalise the Group's Risk Management Policy including objectives, strategy and scope of risk management activities as well as to ensure the strategy, framework and methodology have been implemented and consistently applied.

(b) To ensure that a well-structured and systematic process exists for the comprehensive identification, assessment and management of risks faced by the Group.

(c) To ensure that risk management process and culture are embedded throughout the Group.

(d) To ensure that appropriate reporting and feedback are received from management and reporting to the Board on the Group's risk profile and any major changes to the risk profile.

A Risk Coordinator was appointed to administer the Risk Management Framework. Under the Risk Management Framework, for each risk, the root cause is first identified, then the consequence is ascertained and the risk is then classified into either controllable or inherent. Each risk is then assigned two risk scores; one measures the impact and the second measuring the likelihood. These scores are used to determine a risk grade. Finally, control measures and action plans to manage, minimise or mitigate the risks are then identified. All the above mentioned are recorded and updated in the Risk Register which is then used to develop a risk profile for each company.

The Risk Coordinator works in conjunction with the management of each subsidiary to work through the Risk Management Framework and updates the Risk Register. The results of this exercise are then reported to the RMC, which meets on a half yearly basis. The RMC reviews and discusses the risk profiles of the various subsidiaries, taking special note of any changes and developments, the existing controls, action plans in place to manage the risks and any further actions necessary. The RMC then reports to the Board on a half yearly basis.

In addition, the Group Managing Director and/or Executive Director conduct meetings with senior management of all subsidiaries within the Group on a monthly basis. Amongst others, the key risks facing the respective subsidiaries are discussed and monitored.

Furthermore, the Board has assigned to the Audit Committee the duty of reviewing and monitoring the effectiveness of the Group's internal control system, a critical element of effective risk management.

4. INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibility is to assure the Board, through the Audit Committee, that the internal control systems are functioning as intended. In providing this assurance, the Internal Audit Department carries out regular audit activities in accordance with its annual audit plan to review the adequacy and integrity of internal control systems and to identify opportunities for improvement in operational efficiency. The Audit Committee reports to the Board on its activities, significant audit results or findings and necessary recommendations or actions needed to be taken by management to rectify those issues.

The Group's Internal Audit Department performs operational and compliance audits to ensure efficiency of operation process and effectiveness of internal controls as well as adherence to the Company's policy, procedures and guidelines. The Group's in-house ISO Audit Team conducts internal quality audit once a year in accordance to ISO 9001:2008.

The Internal Auditors perform their tasks in accordance to International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors Malaysia, which apply and uphold the following principles and rules of conduct:

- Integrity
- Objectivity
- Confidentiality
- Competency

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board has put in place other internal control measures including:

(a) An organisation structure with key responsibilities clearly defined for the Board, committees of the Board and the executive management of the Group's operating business units.

(b) Authorisation limits established to provide a functional framework of authority for approving expenditures.

(c) The requirement for each operating business unit to provide a comprehensive annual budget for the Board's approval.

(d) Monthly reporting of each operating business unit's performance.

(e) The Board's review of quarterly reports on each operating business unit.

(f) The human resources function that coordinates the employees' training and development programmes as well as occupational health and safety programmes at all levels to enhance competency, work quality, ability and safety.

(g) An enterprise business application software which incorporates several in-built system controls, where upgrades/updates are implemented when necessary, to assist the management in achieving various internal control objectives.

(h) Data and internal technology policy such as E-mail & Internet Access Policy and System & Data Security Policy. In addition, the Group has also put in place a back-up system and disaster recovery plan.

(i) The clear documentation and regular review of policies and procedures regulating financial and operating activities.

(j) The comprehensive Employee Handbook and Code of Conduct is in place to ensure employees observe prescribed standard of business ethics when conducting themselves at work and in their relationship with external parties.

(k) A Whistle Blowing Policy has been put in place to help ensure conformance to the guidelines set out in the Employee Handbook and Code of Conduct by enabling the employees of the Company to raise concerns in a responsible and effective manner. The Whistle Blowing Policy covers concerns such as; financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. In addition, the policy outlines safeguards for the whistle blower including protection and confidentiality. Furthermore, the process for making a disclosure and the process of investigating an allegation are also outlined in the policy.

(l) Task force unit had been established for specific activities such as disposal of old stocks and promotion of special range launches.

(m) Management of individual subsidiaries and business divisions are continuously assessing for risks within their business environment and formulate mitigating strategies and/or corrective actions to minimise risks.

6. CONCLUSION

The Board is of the opinion that the system of internal control, which is reviewed on an ongoing basis, is adequate for the Group to manage its risks and to achieve its business objectives. During the financial year, there was no major breakdown in internal controls that caused any material losses.

DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 (CA) to prepare financial statements for each financial year in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), and the requirements of the CA in Malaysia and the Main Market Listing Requirements.

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 as 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 financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors acknowledge the responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards.

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

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	38,348	8,133
Attributable to:		
Owners of the parent	26,610	8,133
Non-controlling interests	11,738	–
	38,348	8,133

DIVIDEND

The Directors propose a final single-tier dividend of 5.0 sen per ordinary share, amounting to RM8,100,000 in respect of the financial year ended 30 June 2016, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who have held office since the date of the last report are:

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Megat Joha Bin Megat Abdul Rahman
Datin Mariam Prudence Binti Yusof
Fung Heen Choon
Kasinathan a/l Tulasi
Teh Bee Tein
Nor Hishammuddin Bin Dato' Mohd Nordin
Dato' Sukumaran s/o Ramasamy
Lee Cheang Mei (Alternate to Fung Heen Choon)
Dato' Tan Fok Wah (Alternate to Dato' Sukumaran s/o Ramasamy)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2015	Bought	Sold	Balance at 30.6.2016
Shares in the Company				
Direct interests:				
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	260,000	–	–	260,000
Megat Joha Bin Megat Abdul Rahman	1,000,000	–	–	1,000,000
Fung Heen Choon	10,259,000	–	–	10,259,000
Lee Cheang Mei	10,515,000	–	–	10,515,000
Dato' Sukumaran s/o Ramasamy	222,900	381,100	–	604,000
Dato' Tan Fok Wah	248,200	34,000	(82,200)	200,000
Indirect interests:				
Datin Mariam Prudence Binti Yusof	34,344,900	–	–	34,344,900
Teh Bee Tein	230,900	–	–	230,900
Shares in a subsidiary				
Palmtop Vegeoil Products Sdn. Bhd.				
Direct interests:				
Dato' Sukumaran s/o Ramasamy	2,475,000	–	–	2,475,000
Dato' Tan Fok Wah	3,025,000	–	–	3,025,000

By virtue of her interests in the ordinary shares of the Company, Datin Mariam Prudence Binti Yusof is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial financial interests as disclosed in Note 35 to the financial statements.

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

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(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 there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, 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.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

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

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Megat Joha Bin Megat Abdul Rahman
Director

Kuala Lumpur
21 September 2016

STATEMENT BY DIRECTORS
(PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965)

In the opinion of the Directors, the financial statements set out on pages 42 to 99 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 to the financial statements on page 100 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Megat Joha Bin Megat Abdul Rahman
Director

Kuala Lumpur
21 September 2016

STATUTORY DECLARATION
(PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965)

I, Megat Joha Bin Megat Abdul Rahman, being the Director primarily responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 100 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 this)
21 September 2016)

Megat Joha Bin Megat Abdul Rahman

Before me
Baloo A/L T.Pichai (W663)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF C.I. HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of C.I. Holdings Berhad, which comprise statements of financial position as at 30 June 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 99.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of a subsidiary of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF C.I. HOLDINGS BERHAD (cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 39 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Francis Cyril A/L S R Singam
3056/04/17 (J)
Chartered Accountant

Kuala Lumpur
21 September 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	52,821	46,835	401	681
Intangible assets	8	11,261	11,261	–	–
Investments in subsidiaries	9	–	–	46,300	46,300
Other investment	10	10	10	10	10
Deferred tax assets	11	377	288	–	–
Prepayment	14	1,600	2,200	–	–
		66,069	60,594	46,711	46,991
CURRENT ASSETS					
Inventories	12	44,227	26,283	–	–
Derivative assets	13	3,212	–	–	–
Trade and other receivables	14	236,984	110,323	186	219
Amounts owing by subsidiaries	15	–	–	47,239	26,924
Current tax assets		331	234	258	204
Cash and bank balances	16	71,042	52,821	27,695	39,524
		355,796	189,661	75,378	66,871
TOTAL ASSETS		421,865	250,255	122,089	113,862
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	81,000	81,000	81,000	81,000
Reserves	18	92,880	66,290	40,197	32,064
		173,880	147,290	121,197	113,064
Non-controlling interests	9(d)	18,691	8,562	–	–
TOTAL EQUITY		192,571	155,852	121,197	113,064
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	19	8,178	5,786	173	214
Retirement benefit obligations	23	802	739	–	–
Deferred tax liabilities	11	3,725	797	–	–
		12,705	7,322	173	214
CURRENT LIABILITIES					
Trade and other payables	24	84,303	53,946	678	545
Derivative liabilities	13	1,979	1,579	–	–
Borrowings	19	126,689	29,730	41	39
Current tax liabilities		3,618	1,826	–	–
		216,589	87,081	719	584
TOTAL LIABILITIES		229,294	94,403	892	798
TOTAL EQUITY AND LIABILITIES		421,865	250,255	122,089	113,862

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	26	1,305,383	399,278	11,032	3,929
Cost of sales	27	(1,192,789)	(356,706)	–	–
Gross profit		112,594	42,572	11,032	3,929
Other income		13,607	5,497	1,800	379
Selling and distribution costs		(28,324)	(10,242)	–	–
Administrative expenses		(31,071)	(13,622)	(4,310)	(4,067)
Other expenses		(9,176)	(5,952)	(43)	(28)
Finance costs		(5,311)	(1,102)	(20)	(22)
Profit before tax	28	52,319	17,151	8,459	191
Tax expense	30	(13,971)	(4,058)	(326)	–
Profit for the financial year		38,348	13,093	8,133	191
Other comprehensive loss, net of tax		(34)	–	–	–
Total comprehensive income		38,314	13,093	8,133	191
Profit attributable to:					
Owners of the parent		26,610	12,250	8,133	191
Non-controlling interests	9(d)	11,738	843	–	–
		38,348	13,093	8,133	191
Total comprehensive income attributable to:					
Owners of the parent		26,590	12,250	8,133	191
Non-controlling interests		11,724	843	–	–
		38,314	13,093	8,133	191
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	31	16.43	7.56		
Diluted	31	16.43	7.56		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Group	Non-distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2014	81,000	14,147	–	39,893	135,040	1,262	136,302
Profit for the financial year	–	–	–	12,250	12,250	843	13,093
Other comprehensive income, net of tax	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	12,250	12,250	843	13,093
Transaction with owners							
Additional non-controlling interests arising on a business combination (Note 34)	–	–	–	–	–	6,457	6,457
Balance as at 30 June 2015	81,000	14,147	–	52,143	147,290	8,562	155,852
Profit for the financial year	–	–	–	26,610	26,610	11,738	38,348
Foreign currency translation	–	–	(20)	–	(20)	(14)	(34)
Total comprehensive income	–	–	(20)	26,610	26,590	11,724	38,314
Transaction with owners							
Dividend paid to non-controlling interests of a subsidiary	–	–	–	–	–	(1,595)	(1,595)
Balance as at 30 June 2016	81,000	14,147	(20)	78,753	173,880	18,691	192,571

Company	Non-distributable		Distributable	
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2014	81,000	14,147	17,726	112,873
Profit for the financial year	–	–	191	191
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income	–	–	191	191
Balance as at 30 June 2015	81,000	14,147	17,917	113,064
Profit for the financial year	–	–	8,133	8,133
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income	–	–	8,133	8,133
Balance as at 30 June 2016	81,000	14,147	26,050	121,197

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		52,319	17,151	8,459	191
Adjustments for:					
Depreciation of property, plant and equipment	7	4,328	1,704	297	297
Dividend income		–	–	(8,100)	–
Fair value adjustments on derivative instruments		(2,812)	1,932	–	–
Gain on bargain purchase arising from acquisition of a subsidiary		–	(1,436)	–	–
Gain on disposal of property, plant and equipment		(150)	(21)	–	–
Impairment losses on:					
– amounts owing by subsidiaries		–	–	43	28
– trade receivables	14	5,001	–	–	–
Interest expense		5,311	1,102	20	22
Interest income		(554)	(2,015)	(1,832)	(1,848)
Inventories written down		906	–	–	–
Inventories written off		25	205	–	–
Net unrealised gain on foreign exchange		(9,376)	(2,678)	–	–
Provision for retirement benefit obligations	23	128	87	–	–
Reversal of impairment loss on trade and other receivables	14	(23)	(24)	–	–
Operating profit/(loss) before changes in working capital		55,103	16,007	(1,113)	(1,310)
Changes in working capital:					
Inventories		(18,875)	(5,170)	–	–
Trade and other receivables		(136,367)	(46,790)	33	19
Trade and other payables		31,636	24,840	133	(146)
Cash used in operations		(68,503)	(11,113)	(947)	(1,437)
Tax paid		(9,583)	(3,932)	(380)	(204)
Tax refunded		134	94	–	41
Interest paid		(2,050)	(23)	–	(10)
Contributions paid for retirement benefit	23	(65)	(28)	–	–
Net cash used in operating activities		(80,067)	(15,002)	(1,327)	(1,610)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (cont'd)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary for cash, net of cash acquired		128	(6,665)	–	–
Advances to subsidiaries		–	–	(20,359)	(22,814)
Dividend received from a subsidiary		–	–	8,100	–
(Placement)/Uplift of fixed deposits with maturity periods of more than 3 months		(5,511)	1,691	–	–
Uplift/(placement) of fixed deposits pledged to licensed banks		4,991	(2,639)	–	–
Interest received		554	2,015	1,832	1,848
Proceeds from disposal of property, plant and equipment		158	26	–	–
Purchase of property, plant and equipment	7(a)	(7,320)	(8,620)	(17)	(1)
Net cash used in investing activities		(7,000)	(14,192)	(10,444)	(20,967)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interests in subsidiaries		(1,595)	–	–	–
Drawdown of borrowings		97,125	5,334	–	–
Interest paid		(3,261)	(1,079)	(20)	(12)
Repayments of hire purchase creditors		(668)	(94)	(38)	(36)
Net cash from/(used in) financing activities		91,601	4,161	(58)	(48)
Net increase/(decrease) in cash and cash equivalents		4,534	(25,033)	(11,829)	(22,625)
Effect of exchange rate changes on cash and cash equivalents		13,209	954	–	–
Cash and cash equivalents at beginning of financial year		47,769	71,848	39,524	62,149
Cash and cash equivalents at end of financial year	16(d)	65,512	47,769	27,695	39,524

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

1. CORPORATE INFORMATION

C.I. Holdings Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.

The consolidated financial statements for the financial year ended 30 June 2016 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 September 2016.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 42 to 99 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 39 to the financial statements set out on page 100 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

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

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

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

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement.*

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7 (a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings	2%
Leasehold land	over the lease period up to 99 years
Plant and machinery	5% – 33%
Office furniture and equipment	8% – 40%
Renovation	10% – 20%
Motor vehicles	20% – 25%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and factory building under construction and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interest in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

Intangible assets are initially measured at cost less any accumulated impairment losses.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating the value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.9 Inventories

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

Cost is determined using the weighted average formula. The cost of raw materials comprises the all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at 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 issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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 marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a 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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as financial liabilities at the time the guarantee is issued.

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities (continued)

Corporate guarantees provided by the Company for no compensation, in relation to loans or payables of subsidiaries are initially measured at fair value and any resulting differences are recognised as contributions by the Company which form part of the cost of investment in subsidiaries.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates 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 impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of financial assets (continued)

(b) Available-for-sale financial assets (continued)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic taxes on taxable profits. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Employee benefits (continued)

(c) Defined benefit plans

The Group operates an unfunded defined benefit plan for eligible employees of the Group.

The recognition and measurement of the defined benefits plan involve:

(i) Determining the deficit or surplus by:

(a) Using an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the Group of the benefit that employees have earned in return for their service in the current and prior periods;

(b) Discounting that benefit in order to determine the present value of the defined benefit obligation and the current service cost; and

(c) Deducting the fair value of any plan assets from the present value of the defined benefit obligation.

(ii) Determining the amount of the net defined benefit liability as the amount of the deficit or surplus as determined above, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling; and

(iii) Determining amounts to be recognised in profit or loss, i.e. current service cost, any past service cost and gain or loss on settlement and net interest on the net defined benefit liability.

The Group determines the net defined benefit liability annually so that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The Group recognises the net defined benefit liability in the statement of financial position.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The Group uses the yield rate of prevailing bond yields to discount the post-employment benefit obligations.

The remeasurement of the net defined obligation is recognised directly within equity. The remeasurement includes:

(i) Actuarial gains and losses;

(ii) Return on plan assets, excluding interest; and

(iii) Any asset ceiling effects, excluding interest.

Services costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payments during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined..

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Foreign currencies (continued)

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Management fee

Management fee is recognised when management service is rendered.

(d) Dividend income

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

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group (i.e. the Group's Managing Director) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Operating segments (continued)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Fair value measurement

The fair value of an asset or a liability, except for 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 fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012 – 2014 Cycle*	1 January 2016
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
MFRS 16 *Leases*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during and at the end of the reporting period.

6.2 Critical judgement made in applying accounting policies

There are no critical judgements made by the Directors in the process of applying the Group and the Company's accounting policies that have the most significant effect on the amounts recognised in these financial statements.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details on sensitivities and key assumptions are disclosed in Note 8 to the financial statements.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(b) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(c) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

(i) Derivative financial instruments, Note 13 to the financial statements; and

(ii) Financial instruments, Note 37 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Balance as at 1 July 2015 RM'000	Additions (Note (a) below) RM'000	Acquisition of a subsidiary RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Reclassification RM'000	Balance as at 30 June 2016 RM'000
Carrying amount							
Buildings	14,106	–	–	–	(607)	491	13,990
Construction-in-progress	8,061	–	–	–	–	(8,061)	–
Freehold land	10,331	585	–	–	–	–	10,916
Leasehold land	4,566	1,916	–	–	(346)	–	6,136
Plant and machinery	6,573	2,776	–	(8)	(1,866)	4,002	11,477
Office furniture and equipment	934	496	103	–	(422)	–	1,111
Renovation	1,057	1,228	112	–	(379)	3,568	5,586
Motor vehicles	1,207	1,944	1,162	–	(708)	–	3,605
	46,835	8,945	1,377	(8)	(4,328)	–	52,821

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 30 June 2016		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	17,268	(3,278)	13,990
Freehold land	10,916	–	10,916
Leasehold land	6,923	(787)	6,136
Plant and machinery	31,326	(19,849)	11,477
Office furniture and equipment	3,081	(1,970)	1,111
Renovation	6,688	(1,102)	5,586
Motor vehicles	4,988	(1,383)	3,605
	81,190	(28,369)	52,821

Group 2015	Balance as at 1 July 2014 RM'000	Additions (Note (a) below) RM'000	Acquisition of a subsidiary RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2015 RM'000
Carrying amount						
Buildings	11,646	183	2,600	–	(323)	14,106
Construction-in-progress	461	7,600	–	–	–	8,061
Freehold land	10,331	–	–	–	–	10,331
Leasehold land	2,230	–	2,400	–	(64)	4,566
Plant and machinery	2,446	396	4,400	–	(669)	6,573
Office furniture and equipment	823	259	123	(5)	(266)	934
Renovation	983	51	200	–	(177)	1,057
Motor vehicles	437	814	161	–	(205)	1,207
	29,357	9,303	9,884	(5)	(1,704)	46,835

	At 30 June 2015		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	16,777	(2,671)	14,106
Construction-in-progress	8,061	–	8,061
Freehold land	10,331	–	10,331
Leasehold land	5,007	(441)	4,566
Plant and machinery	24,791	(18,218)	6,573
Office furniture and equipment	2,482	(1,548)	934
Renovation	1,781	(724)	1,057
Motor vehicles	2,367	(1,160)	1,207
	71,597	(24,762)	46,835

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2016	Balance as at 1 July 2015 RM'000	Addition (Note (a) below) RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2016 RM'000
Carrying amount				
Office furniture and equipment	277	17	(163)	131
Renovation	207	–	(62)	145
Motor vehicles	197	–	(72)	125
	681	17	(297)	401

	At 30 June 2016		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	858	(727)	131
Renovation	413	(268)	145
Motor vehicles	363	(238)	125
	1,634	(1,233)	401

Company 2015	Balance as at 1 July 2014 RM'000	Addition (Note (a) below) RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2015 RM'000
Carrying amount				
Office furniture and equipment	438	1	(162)	277
Renovation	269	–	(62)	207
Motor vehicles	270	–	(73)	197
	977	1	(297)	681

	At 30 June 2015		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	841	(564)	277
Renovation	413	(206)	207
Motor vehicles	363	(166)	197
	1,617	(936)	681

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	8,945	9,303	17	1
Financed by hire purchase	(1,625)	(683)	–	–
Cash payments on purchase of property, plant and equipment	7,320	8,620	17	1

(b) The carrying amounts of the property, plant and equipment of the Group and of the Company under hire purchase at the end of the reporting period are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Motor vehicles	3,475	1,097	124	195

(c) The carrying amounts of property, plant and equipment pledged to licensed banks for banking facilities granted to certain subsidiaries (Notes 19 and 22 to the financial statements) are as follows:

	Group	
	2016 RM'000	2015 RM'000
Buildings	13,463	14,106
Freehold land	10,916	10,331
Leasehold land	6,136	4,566
	30,515	29,003

8. INTANGIBLE ASSETS

Group 2016	Balance as at 1 July 2015/ 30 June 2016 RM'000
Carrying amount	
Goodwill	11,242
Trademark	19
	11,261

	At 30 June 2016		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill	11,242	–	11,242
Trademark	19	–	19
	11,261	–	11,261

8. INTANGIBLE ASSETS (continued)

Group 2015	Balance as at 1 July 2014/ 30 June 2015 RM'000
Carrying amount	
Goodwill	11,242
Trademark	19
	11,261

	At 30 June 2015		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill	11,242	–	11,242
Trademark	19	–	19
	11,261	–	11,261

Goodwill

The recoverable amount of the goodwill associated with the acquisition of Continental Resources Sdn. Bhd. (cash generating unit) has been determined based on value-in-use calculations using a cash flow forecast and projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow forecast and projections, the forecasted growth rates used to extrapolate cash flows for the five-year period, and the calculations of value-in-use for the CGUs are most sensitive to the following assumptions are as follows:

(i) Growth rates

The forecasted growth rate from 2017 to 2021 used was 3.0% for the financial years 2017 to 2021. The average growth rate used in 2015 was 8.0%.

(ii) Pre-tax discount rates

The pre-tax discount rate used was 7.4% (2015: 8.1%). In determining the appropriate discount rate due consideration has been given to the weighted average cost of capital of the Group.

A reasonably possible change in the assumptions above would not cause any impairment loss on goodwill.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted investments, at cost	147,030	147,030
Less: Accumulated impairment losses	(100,730)	(100,730)
	46,300	46,300

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest 2016 %	Effective equity interest 2015 %	Principal activities
Continental Resources Sdn. Bhd.	Malaysia	100	100	Selling, manufacturing and packing of edible oils
Doe Industries Sdn. Bhd.	Malaysia	100	100	Manufacture and selling of water taps, showers and other plumbing fittings
C.I. Building Industries Sdn. Bhd.	Malaysia	100	100	Investment holding
C.I. Engineering Sdn. Bhd.	Malaysia	100	100	Investment holding
C.I. Management Sdn. Bhd.	Malaysia	100	100	Inactive
C.I. Construction Sdn. Bhd.	Malaysia	100	100	Inactive
C.I. Marketing Sdn. Bhd.	Malaysia	100	100	Inactive
C.I. Halla Environmental Technology Sdn. Bhd.	Malaysia	100	100	Inactive
Subsidiary of Continental Resources Sdn. Bhd.				
Palmtop Vegeoil Products Sdn. Bhd. "PVPSB"	Malaysia	60	60	Selling and packing of edible oils
Subsidiaries of Palmtop Vegeoil Products Sdn. Bhd.				
PNC Oil Factory (Malaysia) Sdn. Bhd.	Malaysia	60	60	Selling and packing of edible oils
Continental Palms Pte. Ltd. *	Singapore	60	–	Selling and marketing of edible oils
Subsidiaries of Doe Industries Sdn. Bhd.				
Doe Marketing Sdn. Bhd.	Malaysia	100	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of ceramic sanitary wares and related products
Elegant Flow Sdn. Bhd.	Malaysia	100	100	Trading of sanitary wares and related products
Subsidiary of C.I. Engineering Sdn. Bhd.				
C.I. Auto Services Sdn. Bhd.	Malaysia	51	51	Inactive
Subsidiary of C.I. Building Industries Sdn. Bhd.				
C.I. Quarries Sdn. Bhd.	Malaysia	100	100	Investment holding
Subsidiaries of C.I. Quarries Sdn. Bhd.				
Capital Aim Sdn. Bhd.	Malaysia	100	100	Investment holding
C.I. Damansara Quarry Sdn. Bhd.	Malaysia	65	65	Inactive
Subsidiary of Capital Aim Sdn. Bhd.				
C.I. Quarries (Nilai) Sdn. Bhd.	Malaysia	100	100	Inactive

* Subsidiary not audited by BDO or BDO Member Firms.

(b) During the financial year, Palmtop Vegeoil Products Sdn. Bhd., a 60% owned subsidiary of the Group acquired the entire ordinary shares of SGD 1.00 each in Continental Palms Pte. Ltd. ('CPPL'), for a total consideration of SGD500,000 (equivalent to RM1,541,500), consequently, CPPL became a subsidiary of PVPSB. The acquisition did not have any material impact to the Group.

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) In the previous financial year, Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company acquired 60% of the ordinary shares of RM1.00 each in Palmtop Vegeoil Products Sdn. Bhd., for a total consideration of RM8,250,000. As a result of the acquisition, Palmtop Vegeoil Products Sdn. Bhd. became a 60% owned subsidiary of Continental Resources Sdn. Bhd..

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

	Palmtop Vegeoil Products Sdn. Bhd. (Group) RM'000	C.I. Auto Services Sdn. Bhd. RM'000	C.I. Damansara Quarry Sdn. Bhd. RM'000	Total RM'000
2016				
NCI percentage of ownership interest and voting interest (%)	40%	49%	35%	
Carrying amount of NCI	18,418	273	–*	18,691
Profit/(Loss) allocated to NCI	11,742	(3)	(1)	11,738

	Palmtop Vegeoil Products Sdn. Bhd. (Group) RM'000	C.I. Auto Services Sdn. Bhd. RM'000	C.I. Damansara Quarry Sdn. Bhd. RM'000	Total RM'000
2015				
NCI percentage of ownership interest and voting interest (%)	40%	49%	35%	
Carrying amount of NCI	8,286	276	–*	8,562
Profit/(Loss) allocated to NCI	1,829	(3)	(983)	843

* Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

	Palmtop Vegeoil Products Sdn. Bhd. (Group) RM'000	C.I. Auto Services Sdn. Bhd. RM'000	C.I. Damansara Quarry Sdn. Bhd. RM'000
2016			
Assets and liabilities			
Non-current assets	15,054	–	–
Current assets	231,493	2	1
Non-current liabilities	(4,304)	–	–
Current liabilities	(196,198)	(221)	(5)
Net assets/(liabilities)	46,045	(219)	(4)
Results			
Revenue	1,023,451	–	–
Profit/(Loss) for the financial year	29,353	(4)	(4)
Total comprehensive income/(loss)	29,319	(4)	(4)
Cash flows used in operating activities	(62,221)	(4)	(4)
Cash flows used in investing activities	(4,625)	–	–
Cash flows from financing activities	80,846	–	–
Net increase/(decrease) in cash and cash equivalents	14,000	(4)	(4)
Dividend paid to NCI	(1,595)	–	–
2015			
Assets and liabilities			
Non-current assets	10,546	–	–
Current assets	63,824	2	1
Non-current liabilities	(1,755)	–	–
Current liabilities	(51,901)	(217)	(2)
Net assets/(liabilities)	20,714	(215)	–*
Results			
Revenue	51,070	–	–
Profit/(Loss) for the financial year	4,571	(4)	(2,809)
Total comprehensive income/(loss)	4,571	(4)	(2,809)
Cash flows used in operating activities	(7,006)	(4)	–
Cash flows from investing activities	877	–	–
Cash flows from financing activities	8,564	–	–
Net increase/(decrease) in cash and cash equivalents	2,435	(4)	–

* Amount less than RM1,000.

10. OTHER INVESTMENT

	Group and Company	
	2016 RM'000	2015 RM'000
Non-current		
Available-for-sale financial assets		
– Club membership	15	15
Less: Impairment loss	(5)	(5)
	10	10

(a) The club membership is held by the Company under a subsidiary Director's name.

(b) Information on the fair value hierarchy is disclosed in Note 37 to the financial statements.

11. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2016 RM'000	2015 RM'000
Balance as at 1 July 2015/2014	509	(19)
Recognised in profit or loss (Note 30)	2,839	208
Acquisition of a subsidiary (Note 34)	–	320
Balance as at 30 June 2016/2015	3,348	509
Presented after appropriate offsetting:		
Deferred tax assets, net	(377)	(288)
Deferred tax liabilities, net	3,725	797
	3,348	509

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Provision for liabilities RM'000	Total RM'000
At 1 July 2014	288	288
Recognised in profit or loss	–	–
At 30 June 2015/1 July 2015	288	288
Recognised in profit or loss	89	89
At 30 June 2016	377	377

11. DEFERRED TAX (continued)

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued):

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Unrealised gain on foreign exchange RM'000	Total RM'000
At 1 July 2014	238	31	269
Recognised in profit or loss	(34)	242	208
Acquisition of a subsidiary (Note 34)	306	14	320
At 30 June 2015/1 July 2015	510	287	797
Recognised in profit or loss	863	2,065	2,928
At 30 June 2016	1,373	2,352	3,725

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unused tax losses	5,157	5,144	–	–
Unabsorbed capital allowances	5,178	4,143	427	272
Others	515	323	473	323
	10,850	9,610	900	595

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the Company and of its subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under the current tax legislation.

12. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Raw materials	12,486	4,256
Work-in-progress	1,470	875
Finished goods	30,271	21,152
	44,227	26,283

During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,103,469,000 (2015: RM348,984,000).

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2016			2015		
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Forward currency contracts	134,481	2,568	–	56,365	–	(1,579)
Commodity forward contracts	(18,185)	644	(1,979)	–	–	–
		3,212	(1,979)		–	(1,579)

(a) The forward currency contracts were entered into with the objective of managing the exposure of the Group to currency risk for receivables which are denominated in a currency other than the functional currency of the Group.

(b) The commodity forward contracts were entered into with the objective of managing the exposure of the edible oil segment of the Group to adverse price movements in vegetable oil commodity.

(c) The above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. The resulting gain from the re-measurement of RM2,812,000 (2015: loss of RM1,932,000) is recognised in profit or loss as disclosed in Note 28 to the financial statements.

(d) The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 37 to the financial statements.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Prepayment	1,600	2,200	–	–
Current				
Trade receivables	175,651	102,006	–	31
Less: Impairment losses	(5,239)	(261)	–	–
	170,412	101,745	–	31
Other receivables	62,723	6,527	6	–
Deposits	2,980	824	147	147
	65,703	7,351	153	147
Less: Impairment losses				
– Other receivables	(385)	(385)	–	–
– Deposits	(2)	(2)	–	–
	65,316	6,964	153	147
Loans and receivables	235,728	108,709	153	178
Prepayments	1,256	1,614	33	41
	236,984	110,323	186	219

14. TRADE AND OTHER RECEIVABLES (continued)

(a) The normal trade credit terms granted by the Group in respect of trade receivables ranges from 14 to 90 days (2015: 14 to 90 days) from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The credit quality of trade receivables that are neither past due nor impaired as at the end of reporting period were assessed by reference to past payment trends of the receivables.

(c) Trade receivables that are past due but not impaired mainly arose from customers where the Group has healthy business relationships with, whereby management is of the view that the amounts are recoverable based on payment history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

(d) Included in other receivables is an amount of approximately RM41,500,000 (2015:RMNil) relating to amounts owing by financial institutions in respect of monies received from trade customers.

(e) The ageing analysis of trade receivables of the Group is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	115,830	91,322	–	31
Past due, not impaired:				
– 1 to 30 days	47,925	9,895	–	–
– 31 to 60 days	3,452	405	–	–
– 61 to 90 days	3,205	117	–	–
– More than 90 days	–	6	–	–
	54,582	10,423	–	–
Past due and impaired	5,239	261	–	–
	175,651	102,006	–	31

(f) Trade receivables of the Group that are past due and impaired at the end of each reporting period are as follows:

	Individually impaired	
Group	2016 RM'000	2015 RM'000
Trade receivables, gross	5,239	261
Less: Impairment loss	(5,239)	(261)
	–	–

(g) The reconciliation of movements in the impairment loss are as follows:

	Group	
Group	2016 RM'000	2015 RM'000
At 1 July	(261)	(285)
Charge for the financial year (Note 28)	(5,001)	–
Reversal of impairment loss (Note 28)	23	24
At 30 June	(5,239)	(261)

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. TRADE AND OTHER RECEIVABLES (continued)

(h) The currency exposure profile of receivables are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Receivables				
Euro	5,299	2,717	–	–
United States Dollar	151,854	81,607	–	–
Singapore Dollar	242	51	–	–
Ringgit Malaysia	78,333	24,334	153	178
	235,728	108,709	153	178

(i) Information on financial risks of trade and other receivables is disclosed in Note 38 to the financial statements.

15. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Amounts owing by subsidiaries	51,089	30,730
Less: Impairment loss	(3,850)	(3,806)
	47,239	26,924

(a) Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents, except for amount owing from a subsidiary of RM31,000,000 (2015:RMNil) which is unsecured, subject to interest of 4.0% and payable upon demand in cash and cash equivalents.

(b) Information on financial risks of amounts owing by subsidiaries is disclosed in Note 38 to the financial statements.

16. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	60,152	18,611	23,795	10,324
Deposits with licensed banks	10,890	34,210	3,900	29,200
	71,042	52,821	27,695	39,524

(a) The fixed deposits with the licensed banks of the Group and the Company as at 30 June 2016 have maturity periods ranging from 7 days to 365 days (2015: 30 days to 365 days).

Included in fixed deposits of the Group were amounts of RM5,530,000 (2015:RM5,010,000) pledged to licensed bank as security for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.

(b) Information on financial risk of cash and bank balances is disclosed in Note 38 to the financial statements.

(c) The currency exposure profile of cash and bank balances is as follows.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States Dollar	24,695	3,113	–	–
Singapore Dollar	1,335	–	–	–
Euro	2,397	–	–	–
Ringgit Malaysia	42,615	49,708	27,695	39,524
	71,042	52,821	27,695	39,524

16. CASH AND BANK BALANCES (continued)

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	60,152	18,611	23,795	10,324
Deposits with licensed banks	10,890	34,210	3,900	29,200
	71,042	52,821	27,695	39,524
Less: Bank overdraft included in borrowings (Note 19)	–	(42)	–	–
Less: Fixed deposits pledged with licensed banks	(19)	(18)	–	–
Less: Fixed deposits with maturity periods of more than 3 months pledged with licensed banks	(5,511)	(4,992)	–	–
	65,512	47,769	27,695	39,524

17. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	500,000	250,000	500,000	250,000
Issued and fully paid				
Balance as at 30 June	162,000	81,000	162,000	81,000

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable:				
Share premium	14,147	14,147	14,147	14,147
Exchange translation reserve	(20)	–	–	–
	14,127	14,147	14,147	14,147
Distributable:				
Retained earnings	78,753	52,143	26,050	17,917
	92,880	66,290	40,197	32,064

Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operation whose functional currency are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

19. BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current liabilities				
Secured:				
Term loans (Note 20)	6,124	4,962	–	–
Hire purchase creditors (Note 21)	2,054	824	173	214
	8,178	5,786	173	214
Current liabilities				
Secured:				
Term loans (Note 20)	1,454	907	–	–
Bank overdraft	–	42	–	–
Bankers' acceptances	37,082	27,313	–	–
Islamic term financing (Note 22)	26,637	1,255	–	–
Hire purchase creditors (Note 21)	642	213	41	39
Foreign trust receipts	51,361	–	–	–
Offshore foreign currency loans	9,513	–	–	–
	126,689	29,730	41	39
Total borrowings				
Term loans (Note 20)	7,578	5,869	–	–
Bank overdraft	–	42	–	–
Bankers' acceptances	37,082	27,313	–	–
Islamic term financing (Note 22)	26,637	1,255	–	–
Hire purchase creditors (Note 21)	2,696	1,037	214	253
Foreign trust receipts	51,361	–	–	–
Offshore foreign currency loans	9,513	–	–	–
	134,867	35,516	214	253

(a) Bank overdraft, bankers' acceptances, Islamic term financing, foreign trust receipts and offshore foreign currency loans are secured by the following:

(i) corporate guarantee and indemnity by the Group and a negative pledge on the assets of certain subsidiaries; and

(ii) first legal charges over fixed deposits, freehold land, leasehold land and buildings of the certain subsidiaries.

(b) Term loans of subsidiaries are secured by:

(i) legal charges over the freehold land and building of a subsidiary and an agricultural land registered in the name of Pribamas Sdn. Bhd., a related party of the subsidiary; and

(ii) legal charges over leasehold land and building of a subsidiary and joint and several guarantees of Directors of the subsidiary.

(c) The currency exposure profile of borrowings is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States Dollar	86,610	–	–	–
Ringgit Malaysia	48,257	35,516	214	253
	134,867	35,516	214	253

(d) Information on financial risks of borrowings is disclosed in Note 38 to the financial statements.

20. TERM LOANS

	Group	
	2016 RM'000	2015 RM'000
Term loan I	737	870
Term loan II	1,423	1,702
Term loan III	2,580	–
Term loan IV	2,108	2,286
Term loan V	730	1,011
	7,578	5,869

(a) Term Loan I is repayable in hundred and eighty (180) equal monthly instalments commencing June 2006 and has no fixed repricing period. The interest rate charges for the term loan are based on the Base Lending Rate ('BLR') plus 0.60% per annum. Interest rate charged during the financial year is 7.45% (2015: 7.45%).

(b) Term Loan II is repayable in hundred and twenty three (123) instalments commencing July 2007, comprising hundred and twenty two (122) equal monthly instalments and one (1) last instalment. The term loan carries interest at 3.00% per annum for the first year, BLR minus 1.00% per annum for the second year and thereafter at BLR plus 0.6% per annum. Interest rate charged during the financial year is 7.45% (2015: 7.45%).

(c) Term Loan III is repayable in sixty (60) equal monthly instalments commencing June 2016 and has no fixed repricing period. The interest rate charges for the term loan are based on the BLR plus 0.6% per annum. Interest rate charged during the financial year is 7.45%.

(d) Term Loan IV is repayable in hundred and eighty (180) equal monthly instalments commencing May 2013 and has no fixed repricing period. The interest rate charges for the term loan are based on the BLR minus 1.50% per annum. Interest rate charged during the financial year is 5.35% (2015: 5.35%).

(e) Term Loan V is repayable in hundred and twenty (120) equal monthly instalments commencing January 2009 and has no fixed repricing year. The interest rate charges for the term loan are based on the BLR plus 0.60% per annum. Interest rate charged during the financial period is 7.45% (2015: 7.45%).

(f) A covenant in relation to the secured term loans I, II, III and IV amounting to RM6,848,000 (2015: RM4,858,000) is that the gearing ratio of the subsidiary shall not exceed 1.5 times throughout the tenure of the facilities.

(g) Information on the securities for the term loans is disclosed in Note 19 to the financial statements.

(h) Information on financial risks of term loans is disclosed in Note 38 to the financial statements.

21. HIRE PURCHASE CREDITORS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum hire purchase payments:				
– not later than one (1) year	675	259	49	49
– later than one (1) year but not later than five (5) years	2,283	862	187	195
– later than five (5) years	–	41	–	41
Total minimum hire purchase payments	2,958	1,162	236	285
Less: Future interest charges	(262)	(125)	(22)	(32)
Present value of hire purchase creditors	2,696	1,037	214	253
Repayable as follows:				
Current liabilities:				
– not later than one (1) year	642	213	41	39
Non-current liabilities:				
– later than one (1) year but not later than five (5) years	2,054	784	173	174
– later than five (5) years	–	40	–	40
	2,054	824	173	214
	2,696	1,037	214	253

Information on financial risks of hire purchase creditors is disclosed in Note 38 to the financial statements.

22. ISLAMIC TERM FINANCING

	Group	
	2016 RM'000	2015 RM'000
Secured		
Islamic acceptance bills	902	1,255
Islamic trade facilities	25,735	–
	26,637	1,255
Repayable as follows:		
Current liabilities		
– not later than one year	26,637	1,255

(a) Islamic acceptance bills are secured by the following:

(i) corporate guarantee by the Company; and
(ii) third party legal charge over the leasehold land and building of a subsidiary (Note 7 to the financial statements).

(b) Islamic trade facilities are secured by the corporate guarantee by the Company.

(c) Information on financial risks of Islamic Term Financing is disclosed in Note 38 to the financial statements.

23. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit plan for non-executive staff who are entitled to a payment calculated by reference to their length of service and earnings. Provision for retirement benefit obligations is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2016 RM'000	2015 RM'000
Present value of unfunded retirement benefit obligations	802	739
Analysed as follows:		
Non-current liabilities		
– later than five (5) years	802	739

The total expenses recognised in profit or loss are as follows:

	Group	
	2016 RM'000	2015 RM'000
Current service cost	31	29
Past service cost	62	25
Interest cost	35	33
Expenses recognised in the statement of profit or loss and other comprehensive income included under administrative expenses	128	87

The movements during the financial year in the amounts recognised in the statement of financial position in respect of the retirement benefit obligations are as follows:

	Group	
	2016 RM'000	2015 RM'000
Balance at 1 July 2015 / 2014	739	680
Recognised in profit or loss (Note 28)	128	87
Contributions paid	(65)	(28)
Balance as at 30 June 2016 / 2015	802	739

The principal actuarial assumptions used are as follows:

	Group	
	2016 %	2015 %
Discount rates	4.8	4.8
Expected rates of salary increases	6.0	6.0

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	55,361	38,296	–	–
Other payables	8,209	9,350	36	30
Accruals	20,733	6,300	642	515
	28,942	15,650	678	545
	84,303	53,946	678	545

(a) The normal credit terms granted to the Group in respect of trade payables ranged from 4 to 120 days (2015: 4 to 120 days) from the date of invoice.

(b) Accruals are mainly made for transportation, sales and marketing expenses and staff costs.

(c) The currency exposure profile of payables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Euro	161	5	–	–
Chinese Renminbi	76	–		
United States Dollar	24,754	19,614	–	–
Singapore Dollar	1,251	–	–	–
Ringgit Malaysia	58,061	34,327	678	545
	84,303	53,946	678	545

(d) Information on financial risks of trade and other payables is disclosed in Note 38 to the financial statements.

25. COMMITMENTS

(a) Operating lease commitments – the Group as lessee

The Group had entered into non-cancellable lease agreements for office, equipment, factory and staff housing, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Future minimum lease payments:				
– not later than one (1) year	1,869	1,332	478	478
– later than one (1) year but not later than five (5) years	2,463	3,314	358	856
	4,332	4,646	836	1,334

(b) Capital commitments

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	5,535	220

26. REVENUE

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Sale of goods	1,305,351	397,749	–	–
Dividend income	–	–	8,100	–
Interest income from short term investment	32	1,529	32	1,529
Management fee	–	–	2,900	2,400
	1,305,383	399,278	11,032	3,929

27. COST OF SALES

Cost of sales represents cost of inventories sold and other related expenses.

28. PROFIT BEFORE TAX

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration to BDO:					
– statutory		222	205	53	53
– non-statutory		13	13	13	13
Other auditors' remuneration:					
– statutory		11	–	–	–
Depreciation of property, plant and equipment	7	4,328	1,704	297	297
Directors' remuneration	29	6,627	2,703	1,185	1,478
Fair value adjustment on derivative liabilities	13	–	1,932	–	–
Impairment losses on:					
– trade receivables	14(g)	5,001	–	–	–
– amounts owing by subsidiaries		–	–	44	28
Interest expense on:					
– bankers' acceptances		2,609	578	–	–
– term loan		488	398	–	–
– others		2,214	126	20	22
Inventories written down		906	–	–	–
Inventories written off		25	205	–	–
Loss on foreign exchange					
– realised		5,208	36	–	–
– unrealised		–	47	–	–
Provision for retirement benefit obligations	23	128	87	–	–

28. PROFIT BEFORE TAX (continued)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit before tax is arrived at after charging (continued):					
Rental of factory		600	–	–	–
Rental of offices		1,029	–	–	–
Rental of premises		614	678	478	438
And crediting:					
Fair value adjustment on derivative assets	13	2,812	–	–	–
Gain on disposal of property, plant and equipment		150	21	–	–
Gain on bargain purchase arising from acquisition of a subsidiary	34	–	1,436	–	–
Gain on foreign exchange:					
– realised		6	21	–	–
– unrealised		9,376	2,725	–	
Interest income received from:					
– fixed deposits		301	482	131	319
– short term investments		207	1,533	32	1,529
– subsidiary companies		–	–	1,669	–
– others		46	–	–	–
Dividend income	26	–	–	8,100	–
Reversal of impairment loss on trade receivables	14(g)	23	24	–	–

29. DIRECTORS' REMUNERATION

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Executive Directors				
– salaries, bonus and allowances	6,013	2,285	926	1,186
– defined contribution plan	436	262	81	136
	6,449	2,547	1,007	1,322
Non-Executive Directors				
– allowances	73	51	73	51
– fees	105	105	105	105
	178	156	178	156
	6,627	2,703	1,185	1,478

29. DIRECTORS' REMUNERATION (continued)

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM21,250 (2015: RM24,850).

The number of Directors of the Company and their total remuneration during the financial year fall within the following bands:

	Number of Directors			
	2016		2015	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
Below RM200,000	–	5	–	5
RM400,000 – RM600,000	–	–	1	–
RM700,000 – RM900,000	1	–	1	–

30. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense based on profit for the financial year	11,166	3,801	326	–
(Over)/Under-provision in prior years	(34)	49	–	–
	11,132	3,850	326	–
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	2,837	266	–	–
Under/(Over)-provision in prior years	2	(58)	–	–
	2,839	208	–	–
Total tax expense	13,971	4,058	326	–

The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2015: 25%) of the estimated taxable profits for the fiscal year.

30. TAX EXPENSE (continued)

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	52,319	17,151	8,459	191
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	12,557	4,288	2,030	48
Tax effects in respect of:				
Non-taxable income	(46)	(762)	(1,952)	(382)
Non-allowable expenses	1,194	171	175	109
Deferred tax assets not recognised	298	232	73	212
Effects of changes in tax rate	–	138	–	13
	14,003	4,067	326	–
Under/(Over)-provision of deferred tax in prior financial years	2	(58)	–	–
(Over)/Under-provision of income tax in prior financial years	(34)	49	–	–
	13,971	4,058	326	–

31. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016 RM'000	2015 RM'000
Profit attributable to equity holders of the parent	26,610	12,250
	Unit'000	Unit'000
Weighted average number of ordinary shares in issue	162,000	162,000
	Sen	Sen
Basic earnings per ordinary share	16.43	7.56

(b) Diluted

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per ordinary share equal basic earnings per ordinary share.

32. DIVIDEND

	Group and Company	
	2016	
	Gross dividend per share sen	Amount of Dividend, net of tax RM'000
Final dividend proposed	5.00	8,100

A final single-tier dividend in respect of the financial year ended 30 June 2016 of 5.0 sen per ordinary share, amounting to RM8,100,000 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as appropriation of retained earnings in the financial year ending 30 June 2017.

33. EMPLOYEE BENEFITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries and wages	22,465	13,003	2,483	2,187
Social security contributions	110	86	8	7
Contributions to defined contribution plan	1,791	1,137	266	261
Defined benefits plan	128	87	–	–
Other benefits	501	884	109	125
	24,995	15,197	2,866	2,580

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM6,449,000 (2015: RM2,547,000) and RM1,007,000 (2015: RM1,322,000) respectively.

34. ACQUISITION OF SUBSIDIARIES

Acquisition of Continental Palms Pte. Ltd. ('CPPL')

During the financial year, Palmtop Vegeoil Products Sdn. Bhd., a 60% owned subsidiary of the Group acquired the entire ordinary shares of SGD 1.00 each in CPPL, for a total consideration of SGD500,000 (equivalent to RM1,541,500), consequently, CPPL became a subsidiary of the Group. The acquisition did not have any material impact to the Group.

Acquisition of Palmtop Vegeoil Products Sdn. Bhd. ('Palmtop')

In the previous financial year, Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company acquired sixty percent (60%) of the enlarged issued and paid-up ordinary share capital of Palmtop, a Company incorporated in Malaysia which is engaged in selling and packing of edible oil for a cash consideration of RM8,250,000.

The Group recognised a gain of RM1,436,000 in the previous financial year, being a result of the excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities over the consideration transferred for the acquisition of Palmtop. The Group believes that it was able to acquire Palmtop for less than the fair value of its identifiable net assets because of the Group's financial strengths and close relationship with all major financial institutions and the seller's strategic intention to leverage off the Group's access to trade financing and corporate banking opportunities. The gain on bargain purchase is recognised in the statement of profit or loss and other comprehensive income included under other income in the previous financial year.

34. ACQUISITION OF SUBSIDIARIES (continued)

Acquisition of Palmtop Vegeoil Products Sdn. Bhd. ('Palmtop') (continued)

(i) The fair value of the net identifiable assets of Palmtop as at the acquisition date are as follows:

	RM'000
Property, plant and equipment	9,884
Inventories	2,381
Trade and other receivables	15,273
Current tax assets	156
Cash and cash equivalents	1,585
Total identifiable assets	29,279
Trade and other payables	(11,705)
Borrowings	(1,111)
Deferred tax liabilities	(320)
Total identifiable net assets	16,143
Non-controlling interests	(6,457)
Gain on bargain purchase	(1,436)
Total consideration for the acquisition	8,250

(ii) The consideration for the acquisition of Palmtop is as follows:

	RM'000
Cash paid	8,250

The transaction costs related to the acquisition amounted to approximately RM400.

(iii) The effects of the acquisition of Palmtop on the cash flows of the Group are as follows:

	RM'000
Total consideration for equity interest acquired	8,250
Cash and cash equivalents of subsidiary acquired:	
– Cash and bank balances	(1,585)
Net cash outflow of the Group on acquisition of Palmtop	6,665

35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

35. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in the Note 9 to the financial statements;

(ii) Datin Mariam Prudence Binti Yusof, the major shareholder of the Company;

(iii) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

(iv) Corporations in which Directors of the Group and of the Company have substantial financial interests:

(a) Prima Palm Products Sdn. Bhd.
(b) Pribamas Sdn. Bhd.
(c) Continental Palm Products Sdn. Bhd.
(d) Integrated Season Sdn. Bhd.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Management fee payable to a related party	–	316	–	–
Management fee charged to subsidiary companies	–	–	2,900	2,400
Interest income from subsidiary companies	–	–	1,669	–
Dividend income	–	–	8,100	–

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term employee benefits	6,191	2,441	1,104	1,342
Contributions to defined contribution plan	436	262	81	136
	6,627	2,703	1,185	1,478

36. OPERATING SEGMENTS

C.I. Holdings Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the business segments, which requires different business and marketing strategies. The reportable segments are summarised as follows:

1. Edible oil	Buying, selling, manufacturing and packing of all types of edible oils.
2. Tap-ware and sanitary ware	Manufacture and trading of household fittings and appliances such as water taps, plumbing accessories and sanitary wares.
3. Investment holdings	Investment activities.

Others mainly comprised subsidiaries that have ceased operations and remained inactive.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

36. OPERATING SEGMENTS (continued)

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities and retirement benefit obligations. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

2016	Edible oils RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	1,360,611	42,423	11,032	–	1,414,066
Inter-segment revenue	(96,872)	(811)	(11,000)	–	(108,683)
Revenue from external customers	1,263,739	41,612	32	–	1,305,383
Interest income	212	179	163	–	554
Finance costs	(5,151)	(140)	(20)	–	(5,311)
Net finance (expense)/income	(4,939)	39	143	–	(4,757)
Depreciation of property, plant and equipment	3,732	299	297	–	4,328
Segment profit/(loss) before tax	56,320	209	(4,179)	(31)	52,319
Other material non-cash items:					
– Fair value adjustment on derivative instruments	(2,812)	–	–	–	(2,812)
– Impairment loss on trade receivables	4,558	443	–	–	5,001
– Inventories written down	–	906	–	–	906
– Inventories written off	–	25	–	–	25
– Reversal of impairment loss on trade receivables	(2)	(21)	–	–	(23)
– Unrealised gain on foreign exchange	(9,360)	(16)	–	–	(9,376)
Additions to non-current assets other than financial instruments and deferred tax assets	8,881	47	17	–	8,945
Segment assets	354,668	38,189	28,293	7	421,157
Segment liabilities	213,725	6,511	897	16	221,149

36. OPERATING SEGMENTS (continued)

2015	Edible oils RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	357,438	40,311	3,929	–	401,678
Inter-segment revenue	–	–	(2,400)	–	(2,400)
Revenue from external customers	357,438	40,311	1,529	–	399,278
Interest income	163	4	1,848	–	2,015
Finance costs	(920)	(160)	(22)	–	(1,102)
Net finance (expense)/income	(757)	(156)	1,826	–	913
Depreciation of property, plant and equipment	1,092	316	296	–	1,704
Segment profit/(loss) before tax	16,011	942	210	(12)	17,151
Other material non-cash items:					
– Fair value adjustment on derivative instruments	1,932	–	–	–	1,932
– Gain on bargain purchase	(1,436)	–	–	–	(1,436)
– Inventories written off	–	205	–	–	205
– Unrealised (gain)/loss on foreign exchange	(2,721)	43	–	–	(2,678)
Additions to non-current assets other than financial instruments and deferred tax assets	9,207	95	1	–	9,303
Segment assets	169,260	40,029	40,436	8	249,733
Segment liabilities	82,495	7,727	803	16	91,041

36. OPERATING SEGMENTS (continued)

(a) Reconciliations

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2016 RM'000	2015 RM'000
Profit for the year		
Total profit for reportable segments	52,319	17,151
Tax expense	(13,971)	(4,058)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	38,348	13,093
Assets		
Total assets for reportable segments	421,157	249,733
Tax assets	708	522
Group's assets	421,865	250,255
Liabilities		
Total liabilities for reportable segments	221,149	91,041
Tax liabilities	7,343	2,623
Retirement benefit obligations	802	739
Group's liabilities	229,294	94,403

(b) Geographical information

The manufacturing facilities and sales offices of the Group are based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

	2016 RM'000	2015 RM'000
Revenue from external customers		
Malaysia	150,504	147,082
United Arab Emirates	225,982	43,181
Africa	590,448	44, 988
Asia	161,469	125,290
Middle East	105,232	3,052
Other foreign countries	71,748	35,685
	1,305,383	399,278

37. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2016 and 30 June 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group includes within net debt, borrowings, trade and other payables, other liabilities, less cash and bank balances. Equity represents equity attributable to the owners of the parent.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loans and borrowings	134,867	35,516	214	253
Trade and other payables	84,303	53,946	678	545
Other liabilities	6,399	4,144	–	–
Total liabilities	225,569	93,606	892	798
Less: Cash and bank balances	(71,042)	(52,821)	(27,695)	(39,524)
Net debt/(cash)	154,527	40,785	(26,803)	(38,726)
Equity	173,880	147,290	121,197	113,064
Gearing ratio (%)	89	28	–	–

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 June 2016.

(b) Category of financial instruments

Group 30 June 2016	Loans and receivables RM'000	Available-for-sale RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets				
Trade and other receivables, net of prepayments	235,728	–	–	235,728
Cash and bank balances	71,042	–	–	71,042
Derivative assets	–	–	3,212	3,212
Other investment	–	10	–	10
	306,770	10	3,212	309,992

	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Borrowings	–	134,867	134,867
Trade and other payables	–	84,303	84,303
Derivative liabilities	1,979	–	1,979
	1,979	219,170	221,149

37. FINANCIAL INSTRUMENTS (continued)

(b) Category of financial instruments (continued)

Company 30 June 2016	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	153	–	153
Amounts owing by subsidiaries	47,239	–	47,239
Cash and bank balances	27,695	–	27,695
Other investment	–	10	10
	75,087	10	75,097

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	214	214
Trade and other payables	678	678
	892	892

Group 30 June 2015	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	108,709	–	108,709
Cash and bank balances	52,821	–	52,821
Other investment	–	10	10
	161,530	10	161,540

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	35,516	–	35,516
Derivative liabilities	–	1,579	1,579
Trade and other payables	53,946	–	53,946
	89,462	1,579	91,041

37. FINANCIAL INSTRUMENTS (continued)

(b) Category of financial instruments (continued)

Company 30 June 2015	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	178	–	178
Amounts owing by subsidiaries	26,924	–	26,924
Cash and bank balances	39,524	–	39,524
Other investment	–	10	10
	66,626	10	66,636

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	253	253
Trade and other payables	545	545
	798	798

(c) Methods and assumptions used to estimate fair value:

The fair values of financial assets and financial liabilities are determined as follows:

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

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Hire purchase creditors

The fair values of these borrowings are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

(iii) Other investment

The fair value of club membership is determined by reference to comparable market value of similar investments.

(iv) Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2016 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
Financial assets at fair value through profit or loss										
– Forward currency contracts	–	3,212	–	3,212	–	–	–	–	3,212	3,212
	–	3,212	10	3,222	–	–	–	–	3,222	3,222

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial liabililties										
Financial liabilities at fair value through profit or loss										
– Forward currency contracts	–	1,979	–	1,979	–	–	–	–	1,979	1,979
Other financial liabilities										
– Hire purchase creditors	–	–	–	–	–	2,727	–	2,727	2,727	2,696
	–	1,979	–	1,979	–	2,727	–	2,727	4,706	4,675

2016 Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
Financial liabilities										
Other financial liabilities										
– Hire purchase creditors	–	–	–	–	–	250	–	250	250	214

37. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. (continued)

2015 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
Financial liabilities										
Financial liabilities at fair value through profit or loss										
– Forward currency contracts	–	1,579	–	1,579	–	–	–	–	1,579	1,579
Other financial liabilities										
– Hire purchase creditors	–	–	–	–	–	1,028	–	1,028	1,028	1,037
	–	1,579	–	1,579	–	1,028	–	1,028	2,607	2,616

2015 Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
Financial liabilities										
Other financial liabilities										
– Hire purchase creditors	–	–	–	–	–	250	–	250	250	253

Sensitivity analysis for the Level 3 fair value measurements

In view of the insignificant financial effect on the profit of the Group for the financial year, no separate disclosure has been made of the effect of the sensitivity in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016 (cont'd)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk arises in the normal course of the businesses of the Group. The overall financial risk management objective of the Group is to minimise potential adverse effects on the financial performance of the Group.

The overall business strategies of the Group, its tolerance of risk and its general risk management philosophy are determined by management in accordance with prevailing economic and operating conditions. Financial risk management is carried out through risk reviews, internal control systems and adherence to the financial risk management policies of the Group. The Group does not have any financial instruments for trading purposes.

The management policies of the Group for managing each of its financial risks are summarised below:

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that a counter party would default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The exposure and the creditworthiness of the Group of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The primary exposure of the Group and of the Company to credit risk arises through its trade receivables and amounts owing by subsidiaries. The carrying amount of financial assets as recorded in the financial statements, grossed up for any impairment losses, represents the maximum exposure to credit risk of the Group.

Credit risk concentration profile

The Group and Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instruments other than other receivables and amounts owing by subsidiaries as disclosed in Notes 14 and 15 to the financial statements respectively.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with good standing.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the operations and development activities of the Group.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND (continued)

(b) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

As at 30 June 2016	On demand or within one year RM RM'000	One to five years RM RM'000	Over five years RM RM'000	Total RM RM'000
Group				
Financial liabilities				
Trade and other payables	84,303	–	–	84,303
Borrowings	128,218	7,780	1,442	137,440
Total undiscounted financial liabilities	212,521	7,780	1,442	221,743
Company				
Financial liabilities				
Trade and other payables	678	–	–	678
Borrowings	49	187	–	236
Total undiscounted financial liabilities	727	187	–	914

As at 30 June 2015	On demand or within one year RM RM'000	One to five years RM RM'000	Over five years RM RM'000	Total RM RM'000
Group				
Financial liabilities				
Trade and other payables	53,946	–	–	53,946
Borrowings	30,136	5,022	2,005	37,163
Total undiscounted financial liabilities	84,082	5,022	2,005	91,109
Company				
Financial liabilities				
Trade and other payables	545	–	–	545
Borrowings	49	195	41	285
Total undiscounted financial liabilities	594	195	41	830

(c) Foreign currency risk

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

The Group is subject to foreign exchange fluctuations through the import of raw materials and packaging materials and export of finished goods. The Group monitors the movement in foreign currency exchange rates closely to ensure its foreign currency risk is minimised.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND (continued)

(c) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the United States Dollar ('USD'), Euro and Singapore Dollar ('SGD') against the functional currency of the Group, with all other variables held constant. 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

If the relevant foreign currency strengthens by 3% against the functional currency of the Group as at the end of the reporting period, profit for the financial year would increase by the following amounts, mainly due to period end exposure on monetary balances denominated in the respective foreign currencies.

Profit after tax		Group 2016 RM'000	Group 2015 RM'000
USD/RM	– strengthen by 3% (2015: 3%)	3,284	1,465
	– weaken by 3% (2015: 3%)	(3,284)	(1,465)
EURO/RM	– strengthen by 3% (2015: 3%)	135	61
	– weaken by 3% (2015: 3%)	(135)	(61)
SGD/RM	– strengthen by 3% (2015: 3%)	7	1
	– weaken by 3% (2015: 3%)	(7)	(1)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rates risk arises primarily from their loans and borrowings. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by hundred (100) basis point with all other variables held constant:

Profit after tax	Group 2016 RM'000	Group 2015 RM'000
– Increase by 1% (2015: 1%)	(1,005)	(259)
– Decrease by 1% (2015: 1%)	1,005	259

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND (continued)

(d) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and the Company that are exposed to interest rate risk:

Group At 30 June 2016	Note	WAEIR %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rate									
Deposits placed with licensed banks	16	3.18	10,890	–	–	–	–	–	10,890
Hire purchase creditors	21	2.55	(587)	(1,979)	(44)	(46)	(40)	–	(2,696)
Floating rate									
Bankers' acceptances	19	4.14	(37,082)	–	–	–	–	–	(37,082)
Islamic acceptance bills	22	1.54	(902)	–	–	–	–	–	(902)
Supplier financing-i	22	2.97	(25,735)	–	–	–	–	–	(25,735)
Term loans	20	6.84	(1,454)	(1,488)	(1,276)	(1,187)	(956)	(1,217)	(7,578)
Foreign trust receipt	19	2.51	(51,361)	–	–	–	–	–	(51,361)
Offshore foreign currency loan	19	1.84	(9,513)	–	–	–	–	–	(9,513)
Company At 30 June 2016									
Fixed rate									
Amount owing by a subsidiary	15	4.00	31,000	–	–	–	–	–	31,000
Deposits placed with licensed banks	16	3.13	3,900		–	–	–	–	3,900
Hire purchase creditors	21	2.30	(41)	(43)	(44)	(46)	(40)	–	(214)

Group At 30 June 2015	Note	WAEIR %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rate									
Deposits placed with licensed banks	16	3.31	34,210	–	–	–	–	–	34,210
Hire purchase creditors	21	2.51	(213)	(196)	(206)	(195)	(187)	(40)	(1,037)
Floating rate									
Bankers' acceptances	19	3.83	(27,313)	–	–	–	–	–	(27,313)
Bank overdraft	19	7.60	(42)	–	–	–	–	–	(42)
Islamic acceptance bills	22	1.51	(1,255)	–	–	–	–	–	(1,255)
Term loans	20	5.93	(907)	(928)	(962)	(751)	(662)	(1,659)	(5,869)
Company At 30 June 2015									
Fixed rate									
Deposits placed with licensed banks	16	3.29	29,200	–	–	–	–	–	29,200
Hire purchase creditors	21	2.30	(39)	(41)	(43)	(44)	(46)	(40)	(253)

39. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	2016	
	Group RM'000	Company RM'000
Total (accumulated loss)/retained earnings of C.I. Holdings Berhad and its subsidiaries:		
– Realised	(67,491)	26,050
– Unrealised	8,840	–
	(58,651)	26,050
Less: Consolidation adjustments	137,404	–
Total retained earnings	78,753	26,050

	2015	
	Group RM'000	Company RM'000
Total (accumulated loss)/retained earnings of C.I. Holdings Berhad and its subsidiaries:		
– Realised	(93,597)	17,917
– Unrealised	237	–
	(93,360)	17,917
Less: Consolidation adjustments	145,503	–
Total retained earnings	52,143	17,917

LIST OF PROPERTIES

As at 30 June 2016

Tenure	Location	Approximate Land Area (sq ft)	Approximate Age of Buildings (year)	Description	Date of Acquisition	Carrying Amount RM'000
Negeri Sembilan Darul Khusus						
Leasehold 99 years expiring 2077	Land with building at HS(D) 658 PT 1342, Senawang Industrial Estate, Seremban, Negeri Sembilan	130,680 (Built-up Area)	36	Factory for Manufacturing Tap wares	10/06/1978	852
Freehold (2 individual lots)	Land at HS (D) 14031 PT 3272, HS (D) 14036 PT 3277, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan Darul Khusus	43,594 48,115	–	Bungalow Land for Future Development of Orchard and Building	03/01/1999	–
Melaka						
Leasehold 99 years expiring 2101	Land with building at Lot No. 6672 – 6674 PM No. 567 – 569 Lot No. 6667 – 6669 PM No. 571 – 573 Mukim Sungei Baru Tengah Daerah Alor Gajah, Melaka	93,099 (Built-up Area)	20	Factory for Manufacturing Sanitary wares	03/11/1995	5,295
Selangor Darul Ehsan						
Freehold land	Land with building at GM 2514, Lot 2239, Mukim Teluk Panglima Garang, Lot 2239, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan	175,602	11	Industrial land	20/09/2005	14,087
Freehold land	Land with building at GM 4406, Lot 11202, Mukim Teluk Panglima Garang, Lot 11202, Jalan Rajawali, Batu 9,Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan.	88,016	4	Industrial land	30/12/2012	4,614
Johor Darul Takzim						
Leasehold 60 years expiring 2055	Land with building at PTD 115556, HSD 221665, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim PLO 470, Jalan Keluli 1, 81700 Pasir Gudang, Johor Darul Takzim	87,120	8	Industrial land	20/02/2008	6,194
						31,042

ANALYSIS OF SHAREHOLDINGS
AS AT 30 AUGUST 2016

Authorised share capital	: RM250,000,000.00
Issued and fully paid-up share capital	: RM81,000,000.00
Class of shares	: Ordinary shares of RM0.50 each
Voting rights by show of hand	: One vote for every member
Voting rights by poll	: One vote for every share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	98	4.25	1,518	0.00
100 - 1,000	822	35.65	691,960	0.43
1,001 - 10,000	1,086	47.09	4,321,512	2.67
10,001 - 100,000	238	10.32	7,458,500	4.60
100,001 to less than 5% of issued shares	58	2.52	62,830,410	38.78
5% and above of issued shares	4	0.17	86,696,100	53.52
Total	2,306	100.00	162,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1	JAG Capital Holdings Sdn Bhd	53,000,000	32.72	-	-
2	Continental Theme Sdn Bhd	12,922,100	7.98	-	-
3	Lee Cheang Mei	10,515,000	6.49	-	-
4	Fung Heen Choon	10,259,000	6.33	-	-
5	Datuk Johari Bin Abdul Ghani	-	-	53,000,000	32.72[1]
6	Datin Mariam Prudence Binti Yusof	-	-	34,344,900	21.20[2]

Notes:
1 Deemed interest by virtue of his substantial shareholding in JAG Capital Holdings Sdn Bhd.
2 Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1	Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	299,500	0.18	-	-
2	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62		
3	Fung Heen Choon	10,259,000	6.33	-	-
4	Lee Cheang Mel *(Alternate Director to Fung Heen Choon)*	10,515,000	6.49	-	-
5	Dato' Sukumaran s/o Ramasamy	604,000	0.37	-	-
6	Dato' Tan Fok Wah *(Alternate Director to Dato' Sukumaran s/o Ramasamy)*	200,000	0.12	-	-
7	Datin Mariam Prudence Binti Yusof	-	-	34,344,900	21.20[1]
8	Teh Bee Tein	-	-	230,900	0.14[2]

Notes:
1 Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.
2 Indirect interest through shareholdings held by spouse.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 AUGUST 2016

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for JAG Capital Holdings Sdn Bhd	53,000,000	32.72
2	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Continental Theme Sdn Bhd	12,922,100	7.98
3	Lee Cheang Mei	10,515,000	6.49
4	Fung Heen Choon	10,259,000	6.33
5	Duclos Sdn Bhd	5,360,000	3.31
6	Leasing Corporation Sdn Bhd	4,686,400	2.89
7	Syed Ibrahim Sdn Bhd	4,540,000	2.80
8	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Syarifah Anita Ibrahim	3,669,500	2.27
9	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aminah Ibrahim Binti Syed Ibrahim	3,646,400	2.25
10	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Azril Akmar Bin Attan Akmar	3,624,400	2.24
11	Sisma Water Technology Sdn Bhd	3,507,400	2.17
12	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah	3,498,000	2.16
13	Du Ain Sdn Bhd	3,329,000	2.05
14	Tiger Vest Sdn Bhd	3,009,300	1.86
15	Potensi Berkat Sdn Bhd	2,188,110	1.35
16	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Erwin Selvarajah A/L Peter Selvarajah	2,000,000	1.23
17	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)	1,880,700	1.16
18	HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Vontobel AG	1,582,700	0.98
19	Casa Biz Sdn Bhd	1,303,600	0.80
20	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB Smart Treasure Fund	1,284,400	0.79
21	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	1,230,000	0.76
22	RDS Network Sdn Bhd	1,102,000	0.68
23	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62
24	Yip Kean Sung	647,500	0.40
25	Azri Bin Abdul Ghani	640,800	0.40
26	Sukumaran s/o Ramasamy	604,000	0.37
27	HSBC Nominees (Asing) Sdn Bhd Exempt an for BSI SA	585,000	0.36
28	Affin Hwang Nominees (Tempatan) Sdn Bhd UOB Kay Hian Pte Ltd for Susanna Lam Quay Mui @ Lim Kwi Mui	511,600	0.32
29	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustees Bhd for RHB Smart Balanced Fund	447,600	0.28
30	HSBC Nominee (Asing) Sdn Bhd Exempt an for Credit Suisse	418,800	0.26
		142,993,310	88.28

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

AUDIT FEES

The total amount of audit and non-audit fees paid/payable to the external auditors and their associated companies by the Group and the Company for the financial year ended 30 June 2016 were tabulated as follows:

	Audit Fees		Non-Audit Fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
i) BDO	222	53	13	13
ii) BDO Tax Services Sdn Bhd	–	–	32	5
iii) BDO Governance Advisory Sdn Bhd	–	–	10	10
	222	53	55	28

As the non-audit fees paid/payable by the Company is more than 50%, the details on the nature of services rendered are as follows:

1) Supplementary information on Realised and Unrealised Profits or Losses;

2) Statement on Risk Management and Internal Control;

3) Taxation services; and

4) Professional fees for Enterprise Risk Management Awareness Session.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 30 June 2016 or entered into since the end of the previous financial year.

C.I. HOLDINGS BERHAD (Company No.: 37918-A)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

CDS Account No.	
Number of Shares Held	

I/We ____
(Full name in block letters, NRIC No. / Company No.)

of ____

____

being a member/members of **C.I. HOLDINGS BERHAD**, hereby appoint:

Full Name (in block letters)	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Full Name (in block letters)	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman as *my/our proxy to vote for *me/ us on *my/ our behalf at the Thirty-Eighth Annual General Meeting of the Company, to be held at Grand Pullman Ballroom, Level 3, Pullman Kuala Lumpur City Centre Hotel & Residences, Jalan Conlay, 50450 Kuala Lumpur on Thursday, 27 October 2016 at 10:00 a.m. and at any adjournment thereof.

RESOLUTION NO.	**ORDINARY BUSINESS**	**FOR**	**AGAINST**
Ordinary Resolution 1	To declare first and final single-tier dividend for the financial year ended 30 June 2016		
Ordinary Resolution 2	To approve the payment of Directors' Fees for the financial year ended 30 June 2016		
Ordinary Resolution 3	To re-elect Encik Nor Hishammuddin Bin Dato' Mohd Nordin as Director		
Ordinary Resolution 4	To re-elect Mr. Kasinathan a/l Tulasi as Director		
Ordinary Resolution 5	To re-appoint Tan Sri Dato' Sri Abdul Ghani Bin Abdul Aziz as Director		
Ordinary Resolution 6	To re-appoint Messrs BDO as Auditors of the Company		
	SPECIAL BUSINESS	**FOR**	**AGAINST**
Ordinary Resolution 7	To retain Tan Sri Dato' Sri Abdul Ghani Bin Abdul Aziz as an Independent Non-Executive Director		
Ordinary Resolution 8	To retain Encik Nor Hishammuddin Bin Dato' Mohd Nordin as an Independent Non-Executive Director		
Ordinary Resolution 9	Authority for Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with a "X" in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Signed this ________ day of ____________________ 2016

____
Signature(s) of Shareholder/Attorney
(if shareholder is a corporation, this part should be executed under seal)

NOTES:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 20 October 2016. Only a member whose name appears in the Record of Depositors as at 20 October 2016 shall be entitled to attend the Meeting and to speak and vote thereat.
2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. A member of the Company may appoint a proxy or proxies to attend the Meeting. Where a member appoints two or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
7. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in the case of a poll, not less than twenty-four (24) hours before the time appointed in taking of the poll, and in default the instrument of proxy shall be treated as valid.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirement, voting at the Thirty-Eighth Annual General Meeting of the Company will be conducted by poll, rather than a show of hands. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll respectively.

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary

C.I. HOLDINGS BERHAD

(Company no. 37918-A)

Suite A-11-1, Level 11,
Hampshire Place Office,
157 Hampshire,
No. 1, Jalan Mayang Sari,
50450 Kuala Lumpur

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