



SUSTAINABLE GROWTH, GROWING REVENUES

LAPORAN TAHUNAN | **2017**
ANNUAL REPORT



Cover Rationale

The company's crop of edible oils and water-related businesses - represented by liquid droplets that form the ascending plant on the cover - can only be described as bountiful. By cultivating strategic partnerships and expansion plans, the company has yielded even higher revenues this year as it continues to grow its business divisions.

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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

Dato' Sukumaran s/o Ramasamy
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

Datuk Haji Ariffin Bin Imat
Independent Non-Executive Director

Lee Cheang Mei
Alternate Director to Mr. Fung Heen Choon

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

Mohamad Eshadiq Bin Hamdan Risk Coordinator

GROUP MANAGEMENT TEAM

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

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

Chaw Pei Yee
Senior Manager – Finance & Administration

Teoh Kar Hoe
Internal Audit Manager

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: 603-7849 0777
Fax: 603-7841 8151

REGISTERED OFFICE

Suite A-11-1, Level 11, Hampshire Place Office
157 Hampshire
No. 1, Jalan Mayang Sari
50450 Kuala Lumpur
Tel: 603-2182 7333
Fax: 603-2166 7208
www.cih.com.my

AUDITORS

BDO (AF 0206)
BDO @ Menara CenTARa Level 8
360 Jalan Tunku Abdul Rahman
50100 Kuala Lumpur
Tel: 603-2616 2888
Fax: 603-2616 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-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth Annual General Meeting of the Company will be held at Ballroom 1, InterContinental Kuala Lumpur at 165, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 31 October 2017 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 2017 together with the Directors' and Auditors' Reports thereon.
2. To declare first and final dividend of 8 sen per ordinary share for the financial year ended 30 June 2017.
3. To approve the payment of Directors' fees and benefits of RM247,750.00 for the financial year ended 30 June 2017.
4. To approve the Directors' benefits up to an amount of RM216,000.00 for the period from 1 July 2017 until the next Annual General Meeting of the Company to be held in 2018.
5. To re-elect the following Directors, who retire by rotation in accordance with Article 92 of the Company's Constitution:
 - (i) Datin Mariam Prudence Binti Yusof
 - (ii) Mr. Fung Heen Choon
6. To re-elect Datuk Haji Ariffin Bin Imat, who was appointed during the year and retires in accordance with Article 98 of the Company's Constitution.
7. To re-appoint Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz as a Director of the Company.
8. To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year.

AS SPECIAL BUSINESS

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

9. Continuing in Office as Independent Non-Executive Directors

- 9.1 "THAT subject to the passing of Ordinary Resolution 7, 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."
- 9.2 "THAT 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."

10. Authority for Directors to issue and allot shares in the Company pursuant to Section 75 and 76 of the Companies Act, 2016

"THAT subject always to the Companies Act, 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016 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

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

*Please refer to
Explanatory Note 1
Ordinary Resolution 1*

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

Ordinary Resolution 9

Ordinary Resolution 10

Ordinary Resolution 11

NOTICE OF THIRTY-NINTH ANNUAL GENERAL MEETING

(cont'd)

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that a first and final dividend of 8 sen per ordinary share for the financial year ended 30 June 2017 will be payable on 10 November 2017 to depositors whose names appear in the Record of Depositors at the close of business on 31 October 2017 if approved by the members at the Thirty-Ninth 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 31 October 2017 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

2 October 2017

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 Constitution to issue a General Meeting Record of Depositors as at 25 October 2017. Only a member whose name appears in the Record of Depositors as at 25 October 2017 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. 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-Ninth Annual General Meeting of the Company will be conducted by poll, rather than a show of hands. Independent Scrutineers will be appointed to observe the polling process and to verify the results of the poll respectively.

NOTICE OF THIRTY-NINTH 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 340(1)(a) of the Companies Act, 2016 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 2 of the Agenda

With reference to Section 131 of the Companies Act, 2016, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 23 August 2017, the Board has considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 10 November 2017 in accordance with the requirements under Section 132(2) and (3) of the Companies Act, 2016.

Item 3 of the Agenda

Section 230(1) of the Companies Act, 2016 which came into forces on 31 January 2017 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Company is seeking shareholders' approval for the payment of Directors' fees totaling RM198,750.00 for the financial year ended 30 June 2017 and benefits due to the directors for the period from 1 February 2017 to 30 June 2017 amounting to RM49,000.00.

Details of the above are set out on page 27 of the Annual Report 2017.

Item 4 of the Agenda

The Company is also seeking shareholders' approval for the payment of Directors' benefits up to an amount of RM216,000.00 for the period from 1 July 2017 until the next Annual General Meeting of the Company.

The estimated amount payable to the Directors for the benefits is based on the assumption that the Company maintains its existing Board composition.

The proposed payment of benefits comprises meeting allowances and training allowances payable to the Chairman and members of the Board and Board Committees.

Item 7 of the Agenda

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz was re-appointed as a Director of the Company at the preceding Annual General Meeting held on 27 October 2016 pursuant to Section 129(2) of the Companies Act 1965 and to hold office until the conclusion of the next Annual General Meeting.

With the implementation of Companies Act, 2016 effective 31 January 2017, Director who attained age of seventy (70) years and above no longer requires the continuation in office subject to shareholders' approval at each Annual General Meeting. Accordingly, if Resolution 7 is passed, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz would be re-appointed as a Director of the Company and thereafter be subject to retirement by rotation, at a later date.

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz has offered himself for re-appointment as Director at the Thirty-Ninth Annual General Meeting.

Item 9.1 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 recommend 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.

NOTICE OF THIRTY-NINTH ANNUAL GENERAL MEETING

(cont'd)

Item 9.2 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 recommend 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 10 of the Agenda

The proposed Ordinary Resolution 10 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

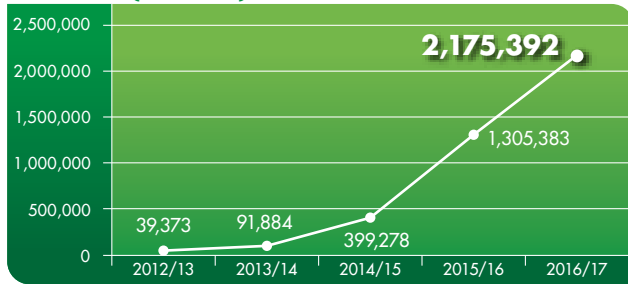
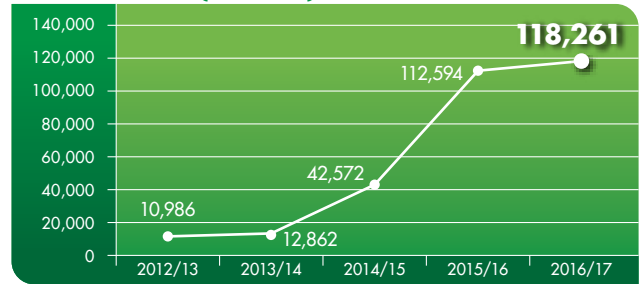
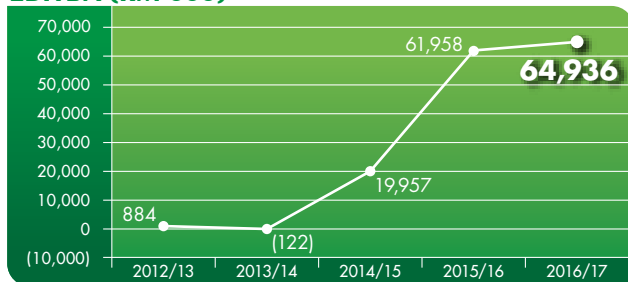
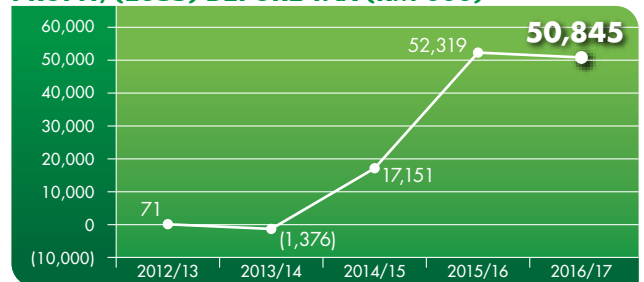
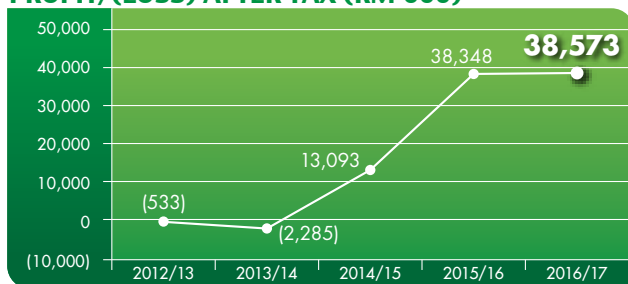
Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

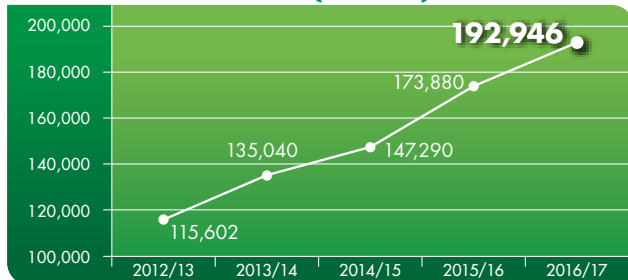
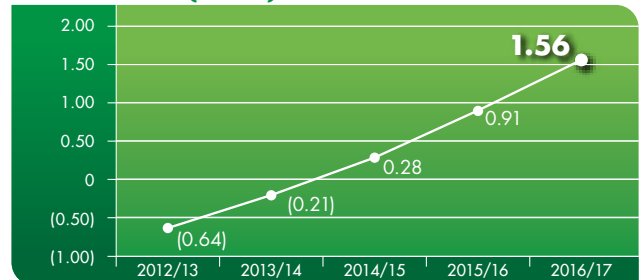
This is a renewal of the mandate obtained from the shareholders of the Company at the Annual General Meeting of 27 October 2016 and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for 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.

The renewal of 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

REVENUE (RM'000)

GROSS PROFIT (RM'000)

EBITDA (RM'000)

PROFIT/(LOSS) BEFORE TAX (RM'000)

PROFIT/(LOSS) AFTER TAX (RM'000)

EARNINGS PER SHARE (sen)

SHAREHOLDERS' FUNDS (RM'000)

NET GEARING (Ratio)


Year Ended 30 June	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue (RM '000)	39,373	91,884	399,278	1,305,383	2,175,392
Gross Profit (RM '000)	10,986	12,862	42,572	112,594	118,261
Gross Profit (%)	28%	14%	11%	9%	5%
EBITDA (RM '000)	884	(122)	19,957	61,958	64,936
EBITDA (%)	2%	0%	5%	5%	3%
Profit/(Loss) Before Tax (RM '000)	71	(1,376)	17,151	52,319	50,845
Profit/(Loss) Before Tax (%)	0%	-1%	4%	4%	2%
Profit/(Loss) After Tax (RM '000)	(533)	(2,285)	13,093	38,348	38,573
Profit/(Loss) After Tax (%)	-1%	-2%	3%	3%	2%
No. of Ordinary Share on Issue (000s)	142,000	¹ 145,507	162,000	162,000	162,000
Earnings Per Share (sen)	(0.38)	(1.76)	7.56	16.43	16.70
Shareholders' Funds (RM '000)	115,602	135,040	147,290	173,880	192,946
Net Gearing (Ratio)	(0.64)	(0.21)	0.28	0.91	1.56

¹ Weighted Average Number of Ordinary Shares in Issue

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, male, aged 73, 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.

DIRECTORS' PROFILE

(cont'd)

Encik MEGAT JOHA BIN MEGAT ABDUL RAHMAN

Group Managing Director



Encik Megat Joha Bin Megat Abdul Rahman, male, aged 54, 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 Cable 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.

DIRECTORS' PROFILE

(cont'd)

**YBhg DATIN
MARIAM
PRUDENCE
BINTI YUSOF**
Non-Independent
Non-Executive
Director



YBhg Datin Mariam Prudence Binti Yusof, female, aged 64, 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 is currently a Board member of Bursa Malaysia Berhad, Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing 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, 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, female, aged 61, 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, Thiag & Co.-Chartered Accountants (Petaling Jaya), a partner of Thiag & 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.

DIRECTORS' PROFILE

(cont'd)

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



Encik Nor Hishammuddin Bin Dato' Mohd Nordin, male, aged 51, 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 (LLB) 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/I TULASI**
Independent
Non-Executive
Director



Mr. Kasinathan a/I Tulasi ("Mr. Sunther"), male, aged 59, a Malaysian, was appointed to the Board on 8 February 2011 as an Independent Non-Executive Director and a member of the Audit Committee.

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 Cable 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, male, aged 60, 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.

YBhg DATO' SUKUMARAN s/o RAMASAMY

Non-Independent
Non-Executive Director



YBhg Dato' Sukumaran s/o Ramasamy ("Dato Kumar"), male, aged 60, 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 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 edible oil producers and suppliers.

Dato' Kumar possesses vast knowledge in the palm oil industry which 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-continent, Africa, Caribbean Islands, Commonwealth of Independent States region and Europe.

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.

DIRECTORS' PROFILE

(cont'd)

**YBhg DATUK
HAJI ARIFFIN
BIN IMAT**
Independent
Non-Executive
Director



YBhg Datuk Haji Ariffin Bin Imat, aged 61, a Malaysian, was appointed to the Board as Independent Non-Executive Director on 6 March 2017.

He graduated with BEc (Honours) in the field of Applied Economics, University Malaya in 1979, and served for 36 years in the public sector. He started his career as an Administrative and Diplomatic Officer, and was promoted to the State Development Officer in 1987, and served until he retired on 31 December 2015.

He has extensive experience in the implementation and monitoring of Government 5-Year Plan development projects and the implementation of special projects. He is also experienced in managing the relationship and cooperation between central agencies, ministries and state governments.

Throughout 36 years of service, has been awarded the Bintang Cemerlang Melaka (B.C.M), Ahli Mangku Negara (A.M.N) and Panglima Mahkota Wilayah (P.M.W) by His Majesty the Yang Di-Pertuan Agong in conjunction with Federal Territory Day in 2015.

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, he 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 58, 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.

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)



Ms. CHAW PEI YEE **Senior Manager, Finance and Administration**

Ms. Chaw Pei Yee, aged 52, 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 16 April 2007. She oversees the finance, tax, administration and human resources of the Company.

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. Chaw 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. TEOH KAR HOE **Internal Audit Manager**

Mr. Teoh Kar Hoe, aged 53, 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.

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. Teoh 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

(cont'd)



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

Encik Baharuddin Bin Basirun, aged 54, 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), Shah Alam, Malaysia, he began his career in 1984, as an Assistant Accountant at 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 return 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") 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 ("DGM") of KFC Manufacturing Sdn Bhd. His last position prior to joining the Company was as the DGM 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, Encik 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.

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

Mr. Foo Loke Yean ("Mr. Robert Foo"), aged 52, 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 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 Industries Sdn Bhd Group of Companies. He is overall in charge of the Operation and Business Development of Tap ware and Sanitary Ware Division.

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. Robert Foo 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Company profile

Our group is divided into two main divisions, namely the Edible Oil Products Division and the Tap and Sanitary Ware Division. The former focuses on consumer-packed edible oil products while the latter is mainly involved in the property development market.

Edible Oil Products Division

The Edible Oil Products Division consists of Continental Resources Sdn. Bhd. (173543-U) ("CRSB") and the Palmtop Group.

CRSB has two plants based in Banting, Klang fitted with 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.

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

Meanwhile, the Palmtop Group which comprises of Palmtop Vegeoil Products Sdn. Bhd. (266956-P), PNC Oil Factory (Malaysia) Sdn. Bhd. (371637-V) and Continental Palms Pte Ltd, operates two packing plants based in Pasir Gudang, Johor and a sales & marketing office based in Singapore. The Group has 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 Palmtop Group has a higher capacity and is capable of packing more Full Container Loads ("FCLs") per annum as compared to CRSB because the Palmtop Group essentially have newer more automated, efficient, faster and productive plant and equipments.

Tap and Sanitary Ware Division

The Tap and Sanitary Ware Division currently has one manufacturing plant in Senawang, Negeri Sembilan. It also has a sales and marketing headquarters located in Damansara Utama, Petaling Jaya which also functions as a distribution centre.

As a result of the influx of cheap imports and the softening of the property development market, the division has streamlined its operation by collaborating with Original Equipment Manufacturers ("OEM") for the manufacture of price-sensitive tap and sanitary wares. Additionally, the building materials division has also commenced trading in other materials in the effort to increase revenue and maximise margins.

Vision

Our group strives to create, develop and enhance a comprehensive portfolio of consumer brands to enable the generation of sustainable profit growth with reasonable investment returns to our shareholders.

Principal Activities of Our Group

- blending and packing of vegetable-based edible oils;
- marketing, branding and merchandising of various consumer-packed edible oil products in the domestic and international market; and
- manufacturing and trading a broad range of tap and sanitary ware products.

Key markets

Asia (including Australasia), Africa and Middle East regions.

Strategies in Creating Value

- leveraging core competencies and areas of strategic advantage;
- identifying compelling market opportunities by maintaining abreast of market developments and evolving customer needs;
- offering a broad and compelling portfolio of products and brands tailored to customer needs/wants;
- continual optimization of business processes; and
- providing opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Highlights Of Our Group's Financial Information For The Past 5 Financial Years

Financial (in RM'000)					
	2017	2016	2015	2014	2013
Revenue	2,175,392	1,305,383	399,278	91,884	39,373
Profit before interest and tax	59,528	57,630	18,253	(937)	259
Finance costs	(8,683)	(5,311)	(1,102)	(439)	(188)
Net profit	38,573	38,348	13,093	(2,285)	(533)
Shareholders' Funds	192,946	173,880	147,290	135,040	115,602
Total assets	664,075	421,865	250,255	184,239	125,033
Borrowings	248,274	134,867	35,516	28,579	3,154
Debt/Equity (%)	231.63	131.87	64.09	35.50	7.31
Earnings per share	16.70	16.43	7.56	(1.76)	(0.38)
Net assets per share (RM)	1.19	1.07	0.91	0.83	0.81
Dividend per share	8 sen	5 sen	–	–	–

Share performance					
	2017	2016	2015	2014	2013
Year high	2.73	3.20	2.95	1.23	1.22
Year low	2.28	1.67	0.98	0.98	0.74
Year close	2.34	2.55	2.44	1.08	1.00
Market capitalisation (as at financial year end) (RM)	379.08 million	413.1 million	395.28 million	174.96 million	142.0 million

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Revenue

The Group revenue increased from RM1.3 billion to RM2.2 billion for the financial year under review, an increase of 67% as compared to the previous financial year.

The increase in revenue was mainly due to the following:

- increase in shipments of full container loads ("FCLs");
- higher selling prices in US\$; and
- the weakening of Ringgit Malaysia.

PBT & Expenses (costs)

The Group's profit before tax decreased by 2.8% from RM52 million in the previous year to RM51 million for the current year.

Operating expenses decreased by 4.2% to RM66 million during the year as compared to RM69 million in the previous year. This is largely due to payments of stamp duty and legal fees for trademarks applications incurred in the previous year.

Staff costs rose by 12% as the Group continued to focus on talent building and development to support our vision of creating, developing and enhancing a comprehensive portfolio of consumer brands.

Total finance costs which increased by RM3.4 million to RM8.7 million was mainly attributable to the increase in borrowings of RM113 million (from RM135 million as at 30 June 2016 to RM248 million as at 30 June 2017) principally used to fund the purchase of oil and packaging materials.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Assets: Trade Receivables

Trade receivables increased by 84% to RM313 million during the financial year. This was primarily due to higher sales during the current financial year as compared to collection.

Assets: Inventories

There was an increase in inventories to RM56 million from RM44 million at the end of the previous financial year. This is in proportion to the higher revenue recorded in the financial year under review.

Assets: Cash and bank balances

The Group's bank balances and deposits placed with financial institutions more than doubled to RM146 million from RM71 million and this was primarily due to the higher proceeds of sales received during the year.

Liabilities: Trade and other payables

The Group's trade and other payables increased by 122% from RM84 million in the previous financial year to RM187 million. This is in tandem with the higher revenue recorded during the year.

Capital structure and capital resources

The Group's borrowings increased by about 84% from RM135 million at the end of the previous financial year to RM248 million primarily due to fund the purchase of oil and packaging materials.

The Group remains prudent in maintaining a sound financial position that enables the execution of our strategic objectives in creating value over the coming years.

Known trends and events

The Group's Edible Oil Products Division has performed well within our expectation. With a steady worldwide demand for vegetable-based edible oil, the division will continue to perform in the foreseeable future and provide a sustainable business to our Group.

Meanwhile, we foresee a challenging business environment for our Tap and Sanitary Ware Division. This is due to the influx of cheap imports into the market and the softening of the property development market which has adversely affected the financial performance of the division.

REVIEW OF OPERATING ACTIVITIES

Operating activities

The Group's profit before interest and taxation ("PBIT") rose 3% from RM58 million in 2016 to RM60 million in 2017. The increase is in proportion to the higher revenue recorded in the financial year under review.

There are no other significant developments in the operating activities during the financial year. However, as part of the strategies to boost future income stream, the Group plans to expand its plant capacity in the next financial year.

ANTICIPATED OR KNOWN RISKS

Foreign Exchange Risk

The division exports approximately 85% of its products worldwide each year, thereby increasing the risk of exposure to currency exchange. However, this risk is mitigated by way of forward currency contract, wherever possible.

Country Risk

To a large extent, our financial performance is dependent on political, economic and regulatory environment in the importing countries. Any adverse development will result in default of contracts, bad debts and loss of market share. The Group closely monitors the situation of the importing countries to mitigate such risks.

FUTURE PROSPECTS

Possible Trend and Outlook

The Group will continue with its expansion plans for revenue growth for its edible oil operations and with smart partnership tie-up with property developers for the tap-ware and sanitary ware divisions to enhance shareholders' value.

The Edible Oil Products Division is planning to expand its plant capacity within the next financial year, whereas the Tap and Sanitary Ware Division will remain focused in its collaboration with Original Equipment Manufacturers ("OEM") and in trading in other materials with the view of increasing revenue and maximising margins.

Dividend Policy

The Group has no dividend policy in place on the account of possible requirements of funds for future expansions and growth.

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, sale & marketing, public service, legal, accountancy, corporate finance, human resource, 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 since 2009.

As at the date of this Statement, the Board comprises nine (9) principal Directors and one (1) alternate director. Out of the nine (9) principal Directors, five (5) are independent non-executive Directors including Chairman 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	–
Datin Mariam Prudence Binti Yusof	Non-Independent Non-Executive Director	3
Fung Heen Choon	Non-Independent Non-Executive Director	–
Dato' Sukumaran s/o Ramasamy	Non-Independent Non-Executive Director	–
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	–
Teh Bee Tein	Independent Non-Executive Director	1
Kasinathan a/l Tulasi	Independent Non-Executive Director	–
Datuk Haji Ariffin Bin Imat (Appointed on 6 March 2017)	Independent Non-Executive Director	–
Lee Cheang Mei	Alternate Director to Fung Heen Choon, Non-Independent Non-Executive Director	–
Dato' Tan Fok Wah (Resigned on 28 October 2016)	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 Yusof, 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.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

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. He acts as a facilitator at Board meetings and ensures that appropriate discussions take place. 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.

To ensure the effective discharge of its functions and responsibilities, there is a Business Authority Limits which sets out relevant matters for each of the subsidiaries, delegated to the Management Team led by the Group Managing Director. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group. The Business Authority Limits for all the subsidiaries were last reviewed and updated on 21 September 2016 with the approval from the Board.

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;

The Board receives Operational Review and Corporate Developments Reports of its subsidiaries from the Executive Directors and Chief Executive Officer of the subsidiaries in a quarterly basis. The quarterly report enables the Board to understand and monitor all the operational conduct and performance of the Group.

- (ii) Establishing a succession plan;

In determining the succession planning for the members of the Board, the Nomination Committee ensures that each nominated candidate has comprehensive job description covering experience, qualifications and core competencies required of a director and taking into account the existing skills and expertise of the Board and the anticipated time commitment required before recommending the appointment as Director to the Board for approval.

Succession planning for the Group Managing Director, Executive Directors, Chief Executive Officer of the Group and key management personnel is deliberated on by the Nomination Committee and thereafter makes necessary recommendation to the Board for their consideration and approval.

Whilst succession planning for other Senior Management positions is determined by a structured process led by the Human Resource Department and endorsed by the Group Managing Director of the Company, Executive Directors and/or Chief Executive Officer of the subsidiaries.

- (iii) Identifying principal risks and ensuring implementation of a proper risk management system;
- (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 practises. The Company had embraced good corporate responsibility and sustainability practices in the areas of stakeholder engagement, the community, workplaces and environment.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

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 2017, five (5) 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	5/5	100.0
Megat Joha Bin Megat Abdul Rahman	5/5	100.0
Datin Mariam Prudence Binti Yusof	4/5	80.0
Fung Heen Choon	5/5	100.0
Dato' Sukumaran s/o Ramasamy	5/5	100.0
Nor Hishammuddin Bin Dato' Mohd Nordin	5/5	100.0
Teh Bee Tein	5/5	100.0
Kasinathan a/l Tulasi	4/5	80.0
Datuk Haji Ariffin Bin Imat (<i>Appointed on 6 March 2017</i>)	1/1	100.0

Ms. Lee Cheang Mei, the Alternate Director to Mr. Fung Heen Choon attended one (1) Board meeting 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 2017.

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 at least five (5) days 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.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

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.

A formal procedure and process has been established for the nomination and appointment of new Directors. The process for the nomination and appointment of new Directors is summarised as follows:

- (a) Identification of skills required for the Board.
- (b) Selection of candidates.
- (c) Review and assessment by the Nomination Committee.
- (d) Recommendation to the Board for approval.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. In evaluating the suitability of the candidates, the following factors are considered:

- (i) background, character, competence, integrity and time commitment;
- (ii) qualifications, skills, expertise and experience;
- (iii) professionalism; and
- (iv) in the case of candidates for the position of Independent Non-Executive Directors, the candidate's independence and ability to discharge such responsibilities as expected from Independent Non-Executive Directors, will be evaluated.

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 Constitution, 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.

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

- (i) Datin Mariam Prudence Binti Yusof; and
- (ii) Mr. Fung Heen Choon

In accordance to Article 98 of the Company's Constitution, Datuk Haji Ariffin Bin Imat, the Director who was appointed during the year retires at the forthcoming AGM and being eligible, offers himself for re-election.

At the Thirty-Eighth AGM held on 27 October 2016, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz was re-appointed as a Director of the Company to hold office until the conclusion of this year AGM pursuant to Section 129 of the Companies Act, 1965. With the implementation of Companies Act, 2016 which came into effect on 31 January 2017, a director who attained age of seventy (70) years and above is no longer requires to seek shareholders' approval for his/her continuation as Director at each AGM. In this regard, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, who is above seventy (70) years of age and who will hold office until the conclusion of this AGM has offered himself for re-appointment as Director at the Thirty-Ninth AGM.

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.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

A self-assessment of independence was also carried out by each of the Independent Directors and 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 Director 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 understands 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 was last reviewed and updated on 24 August 2016 and is made available on the Company's corporate website at <http://www.cih.com.my/about-us/corporate-governance>.

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 2017, are as follows:

Member	Description	Total Meetings Attended
Teh Bee Tein (MIA 3454)	Chairman, Independent Non-Executive Director	5/5
Nor Hishamuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	5/5
Kasinathan a/I Tulasi	Independent Non-Executive Director	4/5

A report detailing the activities carried out by the Audit Committee during the financial year ended 30 June 2017 are set out on pages 32 to 34 under the Audit Committee Report.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

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 for ensuring that remuneration packages are sufficient and appropriate to attract and retain the Directors to run the Company successfully. In addition, the Remuneration Committee is also responsible for recommending the framework on terms of employment and all aspects in relation to the remuneration framework of Executive Directors and senior management of the Company.

The Remuneration Committee is responsible for:

- i) formulating and recommending to the Board the remuneration policies and remuneration for the members of the Board and senior management which align with the business strategy and long-term objectives of the Company and are reflective of their responsibilities and expertise;
- ii) recommending the engagement of external professional advisors to assist and/or advise the Remuneration Committee, on remuneration matters, where necessary; and
- iii) determining remuneration packages of non-executive directors and recommend to the Board as a whole for approval. Those individuals concerned will abstain from discussion of their own remuneration.

The Committee members and the details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2017, are as follows:

Member	Description	Total 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 2017. During the year under review, in discharging its responsibilities as encapsulated in its Terms of Reference, the Remuneration Committee has deliberated and where appropriate, recommend to the Board for approval, proposal relating to, amongst others, the following matters:

- (i) Directors' fees and meeting allowances;
- (ii) Remuneration package of the Group Managing Director;
- (iii) Renewal of contract of employment of Group Managing Director; and
- (iv) Review of the remuneration package for the Board as a whole and key management personnel.

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 2017, are as follows:

Member	Description	Total Meetings Attended
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	2/2
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	2/2
Teh Bee Tein	Independent Non-Executive Director	2/2

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 terms of reference of the Nomination Committee was last reviewed and updated on 24 August 2016 and is made available at the Company's website at <http://www.cih.com.my/about-us/corporate-governance>.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

The Nomination Committee met two (2) times during the course of the financial year ended 30 June 2017 and the main activities undertaken by the Committee were as follows:

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

A Board evaluation exercise was carried out to assess the effectiveness of individual Directors, the Board as a whole during the financial year. 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 the term of office and performance of Audit Committee

Pursuant to paragraph 15.20 of the Listing Requirements of Bursa Securities, the Nomination Committee has to review the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

An evaluation exercise of the Audit Committee was carried out by the Nomination Committee to assess the effectiveness of each of the Audit Committee members via questionnaires, which were distributed to all the Nomination Committee members and cover, amongst others, the evaluation on the Audit Committee as a whole, assessing the individual Audit Committee members' skills and competencies, their meeting administration and conduct, their contribution and interaction, quality of input and understanding of roles and responsibilities as an Audit Committee Member.

The Nomination Committee reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted any area which required further and/or continuous improvement.

(iii) 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 27 October 2016.

(iv) 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 27 October 2016.

(v) Reviewed and assessed the training needs of Directors

The Nomination Committee reviewed and assessed the training needs of Directors during the financial year.

(vi) Reviewed and recommended to the Board the appointment of new Director of the Company

The Nomination Committee discussed and agreed that the knowledge and skill set of Datuk Haji Ariffin Bin Imat would enhance and add value to the Board and thus recommended to the Board the appointment of Datuk Haji Ariffin Bin Imat as a Director of the Company effective 6 March 2017.

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 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.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Some of the development and training programmes attended by Directors for the financial year ended 2017 were as follows:

Director	Training Programme	Organiser	Date
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Launch of the AGM Guide & CG Breakfast Series: How to leverage on AGMs for better engagement with shareholders.	Bursa Malaysia Berhad	21 November 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Megat Joha Bin Megat Abdul Rahman	Advocacy Sessions on Management Discussion & Analysis ("MD&A") for Chief Executive Officers ("CEO") and Chief Financial Officers ("CF") of Listed Issuers.	Bursa Malaysia Berhad	16 August 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	Latest updates on Directors' Remuneration in compliance with the new Companies Act and the upcoming amendment to the Listing Requirements 2017.	Aram Global Sdn Bhd	6 June 2017
Datin Mariam Prudence Binti Yusof	11 Malaysian Plan (2016 to 2020): Opportunities and Challenges.	CHK Consultancy Sdn Bhd	16 July 2016
	China's One Belt, One Road Initiative: The Rise of East Asia and Pacific.	CHK Consultancy Sdn Bhd	8 September 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	Palm & Lauric Oil Price Outlook Conference & Exhibition – POC 2017	Bursa Malaysia Berhad	6 March 2017 to 8 March 2017
	Capital Market Director Program.	Securities Industry Development Corporation (SIDC)	15 May 2017 to 17 May 2017
Fung Heen Choon	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Dato' Sukumaran s/o Ramasamy	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Teh Bee Tein	MIA International Accountants Conference 2016.	MIA	15 November 2016 to 16 November 2016
	Mastering MPERS Fully Illustrated- Translation of the Standard into Practical Examples and Impact of 2015 Updates.	MIA	28 November 2016 to 29 November 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	2 Days Workshop on CSP Practical Issues under the Companies Act 2016.	MAICSA	17 April 2017 to 18 April 2017
	The Companies Act 2016: Overview and its significant Impact on Auditors.	MIA	27 April 2017
	Latest updates on Directors' Remuneration in compliance with the new Companies Act and the upcoming amendment to the Listing Requirements 2017.	Aram Global Sdn Bhd	6 June 2017
	2 Days Workshop on the Companies Act 2016 and Company Secretarial Practice Part II.	MAICSA	20 June 2017 to 21 June 2017

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Director	Training Programme	Organiser	Date
Nor Hishammuddin Bin Mohd Nordin	Fundamentals of Company Law – Part 2.	Selangor Bar Committee	26 August 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	Latest updates on Directors' Remuneration in compliance with the new Companies Act and the upcoming amendment to the Listing Requirements 2017.	Aram Global Sdn Bhd	6 June 2017
Kasinathan a/I Tulasi	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Datuk Haji Ariffin Bin Imat (Appointed on 6 March 2017)	Mandatory Accreditation Programme	The Iclif Leadership And Governance Centre	30 March 2017 to 31 March 2017
Ms. Lee Cheang Mei (Alternate Director to Mr. Fung Heen Choon)	Developments in Governance and Reporting Workshop	BDO	23 January 2017

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 RM3,000 for Chairman; and RM2,000 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 2017, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are as follows:

Remuneration	Group		Company	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Directors' Fees	–	199	–	199
Salaries ¹	3,700	–	639	–
Allowances	36	128	36	128
Bonuses ²	1,983	–	168	–
Total	5,719	327	843	327

¹ Inclusive of Company's contribution to employee provident fund and social security organisation contribution.

² Bonus for the financial year ended 30 June 2017 inclusive of employee provident fund.

* Mr. Fung Heen Choon, Ms. Lee Cheang Mei, Dato' Sukumaran s/o Ramasamy and Dato' Tan Fok Wah (resigned on 28 October 2016), are executive directors of the subsidiaries and their remuneration are paid out of such subsidiaries.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

RM	Executive Directors	Non-Executive Directors	Total
50,000 and below	–	2	2
50,001 – 100,000	–	4	4
850,001 – 900,000	1	–	1
900,001 – 950,000	1	–	1
1,100,001 – 1,150,000	2	–	2
1,700,001 – 1,750,000	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 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
Annual Report 2017	2 October 2017	31 October 2017

Release of Quaterly Reports	Date of Announcement	Deadline Imposed by Bursa Securities
Q1 Quarterly Report 2017	23 November 2016	30 November 2016
Q2 Quarterly Report 2017	22 February 2017	28 February 2017
Q3 Quarterly Report 2017	30 May 2017	31 May 2017
Q4 Quarterly Report 2017	23 August 2017	30 August 2017

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 28 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.

STATEMENT ON CORPORATE GOVERNANCE

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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 : 603-2166 7208
Email : info@cih.com.my

5.3 Dividends

During the financial year under review, the Board recommended a payment of first and final dividend of 8 sen per ordinary share for the financial year ended 30 June 2017.

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 37 to 38 of this Annual Report.

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(cont'd)

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 (if any) is then tabled to the Board of Directors for review and approval.

There were no related party transactions entered into by the Group during the financial year under review.

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, 2016 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 2017 are set out below:

	RM'000	% of Total Fees Paid/Payable
Audit fee payable to Messrs BDO	233	95
Non-audit fee paid/payable to Messrs BDO	13	5
Total	246	100

Non-audit fee paid/payable to the external auditors, being 5% 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 32 to 34 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.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

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.

This policy is designed to enable employees of the Company to raise concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety. This policy is intended to cover concerns which are in the public interest and may at least initially be investigated separately but might then lead to the invocation of other procedures e.g. disciplinary. These concerns could include:

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation or Statutes
- Dangers to Health and safety or the environment
- Criminal activity
- Improper conduct or unethical behaviour
- Attempts to conceal any of these

The employees are guided by the Whistleblowing Policy when relying any information in relation to the abovementioned in writing to designated persons stated in the said policy. Upon receipt of report made together with available evidence, the investigator is tasked to investigate and take all reasonable steps to ensure that investigations regarding the report and disclosure are carried out fairly, unbiased and with due regards to the principles of nature justice. The investigator will report the outcome of the investigation to the Group Managing Director or Chairman.

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 2017.

This Statement was approved by the Board of Directors on 23 August 2017.

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 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. MEMBERS OF THE AUDIT COMMITTEE

The 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:

Members	No. of Meetings Attended	Percentage (%)
Teh Bee Tein (MIA 3454) – Chairman <i>Independent Non-Executive Director</i>	5/5	100.0%
Nor Hishammuddin Bin Dato' Mohd Nordin – Member <i>Independent Non-Executive Director</i>	5/5	100.0%
Kasinathan a/l Tulasi – Member <i>Independent Non-Executive Director</i>	4/5	80.0%

The Audit Committee held five (5) meetings during the financial year ended 30 June 2017. 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 pages 26 to 27 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. TERMS OF REFERENCE

The Terms of Reference of the AC are aligned with the MMLR of Bursa Securities, recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and relevant best practices. Necessary revisions will be made to the Terms of Reference to be in line with the amendments of the MMLR of Bursa Securities.

The terms of reference of the AC was last reviewed and updated on 23 August 2017 and is made available on the Company's corporate website at <http://www.cih.com.my/about-us/corporate-governance>.

3. 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 and annual audited financial statements of the Company.

The Audit Committee is delegated with the responsibility to ensure that the Group's statutory accounts are fairly stated and conform to the relevant regulations and acceptable accounting policies.

The Audit Committee focuses 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 Securities.

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.

AUDIT COMMITTEE REPORT

(cont'd)

- (b) 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 independence status and performance of the External Auditors for the financial year ended 30 June 2016.

The Audit Committee carried out an annual assessment on the performance of External Auditors 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.

The Audit Committee also ensured that the Company obtained written assurance from the External Auditors confirming their independence throughout their term of engagement for the financial year.

Having satisfied with the independence, suitability and performance of Messrs BDO, the Audit Committee 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 2017 at its meeting held last year on 27 October 2016.

- (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.

During the year under review, the Audit Committee had two (2) independence meetings with the External Auditors without the presence of Management 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. The Audit Committee was pleased to report that there was no significant matter of disagreement that arose between the External Auditors and Management.

- (c) Reviewed the External Auditors' audit plan for the financial year end of 30 June 2017, 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.
- (d) Reviewed all non-audit services to be performed by the External Auditors to reinforce the independence and objectivity of the External Auditors.

Internal Audit

- (a) Reviewed the Internal Audit Reports and Follow-up 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.

Through the follow-up reports from Internal Auditors, the Audit Committee was able to ensure that the Management's action plan on outstanding issues and that all key risks and control weaknesses were properly addressed and implemented.

- (b) Reviewed and approved the Internal Audit Plan for financial year ending 30 June 2018 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.

AUDIT COMMITTEE REPORT

(cont'd)

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and reports to the Audit Committee. The internal audit function 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 2017 was RM328,190 (financial year ended 30 June 2016: RM276,100).

A summary of the internal audit cost is as follows:

Cost Category	RM ('000)	Percentage (%) of Total Cost
Manpower	309	94%
Training	3	1%
Travelling (inclusive of accommodation)	16	5%
Total	328	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, particularly on Debt Collection and Credit Control Review. 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 year under review, the Audit Committee had three (3) meetings with the Internal Auditors. There were no material internal control failures or significant issues discovered during the internal audit process for 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 constantly prioritises its customers' satisfaction by offering a broad, balanced and compelling portfolio of products and brands tailored to their needs.

The Group has added the latest design of chrome-plated ABS cold water tap range known as the Stella Series to its existing DOE Tech brand. Designed to look like a single lever tap, its design is unique to the other ABS tap models currently available in the Malaysian market. Made from high quality ABS, it is also safe to use. This range is targeted to the low-end market segment such as the housing schemes initiated by the Federal and State Governments like Rumah Mampu Milik (RMM), Program Perumahan Rakyat (PPR), Rumah Selangorku, Rumah Mesra Rakyat 1 Malaysia (RMR1M) and others that require lower costing products yet with attractive designs and good durability.

In order to cater to the replacement market, the Stella Series is also available in attractively designed plastic packaging for sale in retail and hardware shops.

The Group has designed and expanded its range of products to conform to the Malaysian Standard MS1184:2014. The standard calls for products that are usable by all groups of people, including the elderly and those with disabilities. As the awareness on making the toilet facilities more user-friendly for those with disabilities, the adoption of this standard is increasing and thus the requirement for such as products as well. Some of the products involved include the WCs, basins, showers, and bathroom accessories, such as mirrors and grab bars.

Public restrooms in places such as those at the sports stadiums, shopping malls, transportation hubs and public buildings require a high level of protection against vandalism. The range of basins, WCs, urinals and associated products recently launched by the Group is designed to fulfil this requirement. Made from the high quality of stainless steel Grade 304, this material renders the basins, WC and/or urinal bowls:

- resistant to vandalism – suitable for use in high traffic areas (public and commercial buildings). Stainless steel is a highly resistant and durable material that can withstand harsh environments;
- user safety – the product are designed to have rounded sides and no sharp edges to prevent the risk of cuts;
- easy to clean and hygienic – its uniform and non-porous surface is easy to clean and prevents the spread of bacteria;
- environmental-friendly – Stainless steel is 100% recyclable, contributing to sustainable development and protecting the environment; and
- economical – Virtually impossible to break, the Group's stainless steel sanitary ware is economical since no replacement is needed

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

Our tap and sanitary wares are registered and meet the requirements of Suruhanjaya Perkhidmatan Air Negara (SPAN), and are therefore approved to be used throughout the country. Selected water-efficient taps and low-flushing capacity cisterns (WC) are labelled with the Malaysian Water-Efficiency Product Labelling Scheme (MWEPPLS), 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 and the importing countries. It also adheres to the stringent food and quality standards imposed by its customers.

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

In order to enhance stakeholders' value, the Group aims to optimise its business processes, effective management and good corporate governance. 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.

CORPORATE RESPONSIBILITY STATEMENT

(cont'd)

Each customer is allocated a sales representative to manage the customer's various expectations. 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.

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

The Group also 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 in identifying reliable suppliers for future supply orders.

The Group is also 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 the latest developments and best practices of the property development and palm oil industry.

2. WORKPLACE

The Group ensures its employees' welfare and personal development are taken care of 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, whose tasked is 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 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.

To the best of the Group's knowledge, there has been no report of injury or accident at the work place during the year under review.

3. COMMUNITY

The Group is committed to contribute to 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 2016, 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 well-being, poverty and lack of community infrastructure; regardless of race, religion and ethnicity.

The Group's, via its edible oil products division, 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 Kaunselling 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.

In order to reduce raw material wastage and/or utilisation, the Group implements an ongoing product wastage elimination programme, as well as product and packaging design optimisation. It also specifies recycled packaging products. The Group also aims to conserve 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.

The Group's edible oil products division has also implemented the appropriate procedures to minimise production wastage whereby any oil leakages as a result of dented tins, jerry cans and spoilt PET bottles will be rejected and sent to the rework area. All salvaged oil spillage are then transferred 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 the approved buyers.

Additionally, recyclable items such as rejected jerry cans, PET bottles, plastics, shrink wraps, caps, inserts, carton boxes and wooden pallets are then sent to the disposal area for collection by the approved buyers as scrap items.

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 2017.

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 has a formal risk management framework, 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

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, 2016 (CA) to prepare financial statements for each financial year which have been made out 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 Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the CA 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.



DIRECTORS' REPORT and AUDITED FINANCIAL STATEMENTS

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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 2017.

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 7 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	38,573	13,297
Attributable to:		
Owners of the parent	27,062	13,297
Non-controlling interests	11,511	–
	38,573	13,297

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year was as follows:

	Company RM'000
In respect of financial year ended 30 June 2016:	
Final dividend of 5.0 sen per ordinary share, paid on 11 November 2016	8,100

The Directors recommended a final dividend of 8.0 sen per ordinary share, amounting to RM12,960,000 in respect of the financial year ended 30 June 2017, 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 other than the effects of adoption of Companies Act, 2016 in Malaysia as disclosed in Note 16 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

C.I. Holdings Berhad	
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	
Megat Joha Bin Megat Abdul Rahman	
Datin Mariam Prudence Binti Yusof	
Fung Heen Choon	
Dato' Sukumaran s/o Ramasamy	
Nor Hishammuddin Bin Dato' Mohd Nordin	
Teh Bee Tein	
Kasinathan a/l Tulasi	
Datuk Haji Ariffin bin Imat	(Appointed on 6 March 2017)
Lee Cheang Mei (Alternate to Fung Heen Choon)	
Dato' Tan Fok Wah (Alternate to Dato' Sukumaran s/o Ramasamy)	(Resigned on 28 October 2016)

Subsidiaries of C.I. Holdings Berhad (excluding those who are already listed above)

Azlan Bin Ahmad
Chaw Pei Yee
Foo Loke Yean
Wong Lip Wai
K.J. Kuruvilla a/l John Kuruvilla

DIRECTORS' REPORT

(cont'd)

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 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance at 1.7.2016	Bought	Sold	Balance at 30.6.2017
Shares in the Company				
<u>Direct interests:</u>				
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	260,000	100,000	—	360,000
Megat Joha Bin Megat Abdul Rahman	1,000,000	—	—	1,000,000
Fung Heen Choon	10,259,000	41,000	—	10,300,000
Lee Cheang Mei	10,515,000	—	—	10,515,000
Dato' Sukumaran s/o Ramasamy	604,000	301,200	—	905,200
<u>Indirect interests:</u>				
Datin Mariam Prudence Binti Yusof	34,344,900	—	—	34,344,900
Teh Bee Tein	230,900	—	—	230,900

	Number of ordinary shares			
	Balance at 1.7.2016	Bought	Sold	Balance at 30.6.2017
Shares in a subsidiary				
Palmtop Vegeoil Products Sdn. Bhd.				
<u>Direct interests:</u>				
Dato' Sukumaran s/o Ramasamy	2,475,000	—	—	2,475,000

By virtue of Section 8(4) of the Companies Act, 2016 in Malaysia, 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 ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures 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 a benefit included in the aggregate amount of remuneration received or due 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 30 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)

DIRECTORS' REMUNERATION

	Group RM'000	Company RM'000
Directors of the Company:		
Executive Directors:		
- salaries, bonus and allowances	5,310	758
- defined contribution plan	409	85
Non-Executive Directors:		
- allowances	128	128
- fees	199	199
	6,046	1,170
Directors of the subsidiaries:		
Executive Directors:		
- salaries, bonus and allowances	926	—
- defined contribution plan	124	—
	1,050	—
	7,096	1,170

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 RM67,500.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, 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 to be written off 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.

DIRECTORS' REPORT

(cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(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.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2017 amounted to RM68,000 and RM197,000 respectively.

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

.....
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz

Director

Kuala Lumpur
20 September 2017

.....
Megat Joha Bin Megat Abdul Rahman

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 49 to 90 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 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 34 to the financial statements on page 90 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
 20 September 2017

STATUTORY DECLARATION

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 49 to 90 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)
 20 September 2017)

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of C.I. Holdings Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, 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, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Recoverability of trade receivables

Trade receivables as at 30 June 2017 of the Group of RM313,883,000 include trade receivables that are past due but not impaired of RM92,785,000 as disclosed in Note 10 to the financial statements.

Management recognised allowances for impairment losses on trade receivables based on specific known facts or circumstances and customers' abilities to pay, which involved significant management judgement.

Audit response

Our audit procedures performed included the following:

- a. Inquired from management regarding action plans to recover overdue amounts;
- b. Assessed evidence that adequate allowance for impairment losses has been made by management based on analysis of customer creditworthiness, historical payment trends and expectation of payment patterns; and
- c. Determined the levels of cash received subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C.I. HOLDINGS BERHAD

(cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 34 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 266 of the Companies Act, 2016 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

Kuala Lumpur

20 September 2017

Rejeesh a/I Balasubramaniam

02895/08/2018 J

Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	55,971	52,821	161	401
Intangible assets	6	11,261	11,261	–	–
Investments in subsidiaries	7	–	–	46,300	46,300
Other investment	8	10	10	10	10
Deferred tax assets	9	–	377	–	–
Prepayment	10	1,000	1,600	–	–
		68,242	66,069	46,471	46,711
CURRENT ASSETS					
Inventories	11	56,291	44,227	–	–
Derivative assets	12	10,610	3,212	–	–
Trade and other receivables	10	382,195	236,984	358	186
Amounts owing by subsidiaries	13	–	–	14,672	47,239
Current tax assets		606	331	221	258
Cash and bank balances	14	146,131	71,042	65,699	27,695
		595,833	355,796	80,950	75,378
TOTAL ASSETS		664,075	421,865	127,421	122,089
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	95,147	81,000	95,147	81,000
Reserves	16	97,799	92,880	31,247	40,197
		192,946	173,880	126,394	121,197
Non-controlling interests	7(d)	24,204	18,691	–	–
TOTAL EQUITY		217,150	192,571	126,394	121,197
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	17	11,012	8,178	131	173
Retirement benefit obligations	21	725	802	–	–
Deferred tax liabilities	9	4,587	3,725	–	–
		16,324	12,705	131	173
CURRENT LIABILITIES					
Trade and other payables	22	186,942	84,303	853	678
Derivative liabilities	12	3,987	1,979	–	–
Borrowings	17	237,262	126,689	43	41
Current tax liabilities		2,410	3,618	–	–
		430,601	216,589	896	719
TOTAL LIABILITIES		446,925	229,294	1,027	892
TOTAL EQUITY AND LIABILITIES		664,075	421,865	127,421	122,089

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 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	24	2,175,392	1,305,383	16,200	11,032
Cost of sales	25	(2,057,131)	(1,192,789)	–	–
Gross profit		118,261	112,594	16,200	11,032
Other income		6,965	13,607	1,862	1,800
Selling and distribution costs		(16,049)	(28,324)	–	–
Administrative expenses		(48,729)	(31,071)	(4,412)	(4,310)
Other expenses		(920)	(9,176)	(44)	(43)
Finance costs		(8,683)	(5,311)	(18)	(20)
Profit before tax		50,845	52,319	13,588	8,459
Tax expense	26	(12,272)	(13,971)	(291)	(326)
Profit for the financial year		38,573	38,348	13,297	8,133
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	26(d)	(36)	(34)	–	–
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of defined benefit liability	21	126	–	–	–
Total comprehensive income		38,663	38,314	13,297	8,133
Profit attributable to:					
Owners of the parent		27,062	26,610	13,297	8,133
Non-controlling interests	7(d)	11,511	11,738	–	–
		38,573	38,348	13,297	8,133
Total comprehensive income attributable to:					
Owners of the parent		27,166	26,590	13,297	8,133
Non-controlling interests		11,497	11,724	–	–
		38,663	38,314	13,297	8,133
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	27	16.70	16.43		
Diluted	27	16.70	16.43		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Group	Note	Non-distributable			Distributable	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
Balance as at 1 July 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 interest 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
Profit for the financial year		–	–	–	27,062	27,062	11,511	38,573
Foreign currency translation		–	–	(22)	–	(22)	(14)	(36)
Re-measurement of defined benefit liability	21	–	–	–	126	126	–	126
Total comprehensive income		–	–	(22)	27,188	27,166	11,497	38,663
Transaction with owners								
Dividend paid	28	–	–	–	(8,100)	(8,100)	–	(8,100)
Dividend paid to non-controlling interest of a subsidiary		–	–	–	–	–	(5,984)	(5,984)
Effects of the new Companies Act, 2016	15	14,147	(14,147)	–	–	–	–	–
Balance as at 30 June 2017		95,147	–	(42)	97,841	192,946	24,204	217,150

Company	Note	Non-distributable		Distributable	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Retained earnings RM'000	
Balance as at 1 July 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
Profit for the financial year		–	–	13,297	13,297
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	13,297	13,297
Transaction with owners					
Dividend paid	28	–	–	(8,100)	(8,100)
Effects of the new Companies Act, 2016	15	14,147	(14,147)	–	–
Balance as at 30 June 2017		95,147	–	31,247	126,394

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		50,845	52,319	13,588	8,459
Adjustments for:					
Depreciation of property, plant and equipment	5	5,408	4,328	246	297
Dividend income		–	–	(12,960)	(8,100)
Fair value adjustments on derivative instruments	12	(5,390)	(2,812)	–	–
Gain on disposal of property, plant and equipment		(151)	(150)	–	–
Impairment losses on:					
– amounts owing by subsidiaries	13	–	–	44	43
– trade receivables	10	696	5,001	–	–
Interest expense		8,683	5,311	18	20
Interest income		(1,518)	(554)	(1,862)	(1,832)
Inventories written down	11	721	906	–	–
Inventories written off	11	–	25	–	–
Net unrealised gain on foreign exchange		(7,931)	(9,376)	–	–
Provision for retirement benefit obligations	21	103	128	–	–
Reversal of impairment loss on trade and other receivables	10	(4,904)	(23)	–	–
Operating profit/(loss) before changes in working capital		46,562	55,103	(926)	(1,113)
Changes in working capital:					
Inventories		(12,785)	(18,875)	–	–
Trade and other receivables		(141,101)	(136,367)	(172)	33
Trade and other payables		102,924	31,636	175	133
Cash used in operations		(4,400)	(68,503)	(923)	(947)
Tax paid		(12,604)	(9,583)	(323)	(380)
Tax refunded		88	134	69	–
Interest paid		(112)	(2,050)	–	–
Contributions paid for retirement benefit	21	(54)	(65)	–	–
Net cash used in operating activities		(17,082)	(80,067)	(1,177)	(1,327)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(cont'd)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary for cash, net of cash acquired		–	128	–	–
Repayment from/(Advances to) subsidiaries		–	–	32,523	(20,359)
Dividend received from a subsidiary		–	–	12,960	8,100
Uplift /(Placement) of deposits with maturity periods of more than 3 months		5,511	(5,511)	–	–
Uplift of deposits pledged to licensed banks		19	4,991	–	–
Interest received		1,518	554	1,862	1,832
Proceeds from disposal of property, plant and equipment		151	158	–	–
Purchase of property, plant and equipment	5(c)	(2,381)	(7,275)	(6)	(17)
Net cash from/(used in) investing activities		4,818	(6,955)	47,339	(10,444)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to shareholders		(8,100)	–	(8,100)	–
Dividend paid to non-controlling interests in subsidiaries		(5,984)	(1,595)	–	–
Drawdowns/(Repayments) of borrowings:					
– Term loan		(1,626)	1,709	–	–
– Bankers’ acceptance		115,599	9,769	–	–
– Islamic term financing		54,945	25,382	–	–
– Hire purchase creditors		(758)	(668)	(40)	(38)
– Foreign trust receipt		(47,145)	50,848	–	–
– Offshore foreign currency loan		(8,732)	9,417	–	–
Interest paid		(8,571)	(3,261)	(18)	(20)
Net cash from/(used in) financing activities		89,628	91,601	(8,158)	(58)
Net increase/(decrease) in cash and cash equivalents		77,364	4,579	38,004	(11,829)
Effect of exchange rate changes on cash and cash equivalents		3,255	13,164	–	–
Cash and cash equivalents at beginning of financial year		65,512	47,769	27,695	39,524
Cash and cash equivalents at end of financial year	14(f)	146,131	65,512	65,699	27,695

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

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 2017 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 ("RM'000"), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 September 2017.

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 7 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 49 to 90 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 2016 in Malaysia.

However, Note 34 to the financial statements set out on page 90 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.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33.1 to the financial statements.

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.

4. 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 oils | Selling, packing and marketing 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 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

4. OPERATING SEGMENTS (continued)

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.

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

2017	Edible oils RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	2,211,353	36,156	16,200	–	2,263,709
Inter-segment revenue	(71,943)	(174)	(16,200)	–	(88,317)
Revenue from external customers	2,139,410	35,982	–	–	2,175,392
Interest income	434	135	949	–	1,518
Finance costs	(8,549)	(116)	(18)	–	(8,683)
Net finance (expense)/income	(8,115)	19	931	–	(7,165)
Depreciation of property, plant and equipment	4,924	237	247	–	5,408
Segment profit/(loss) before tax	55,835	(1,466)	(3,489)	(35)	50,845
Other material non-cash items:					
– Fair value adjustment on derivative instruments	(5,390)	–	–	–	(5,390)
– Gain on disposal of property, plant and equipment	(27)	(124)	–	–	(151)
– Impairment loss on trade receivables	696	–	–	–	696
– Inventories written down	–	721	–	–	721
– Reversal of impairment losses on trade receivables	(4,558)	(346)	–	–	(4,904)
– Unrealised gain on foreign exchange	(7,931)	–	–	–	(7,931)
Additions to non-current assets other than financial instruments and deferred tax assets	8,471	25	6	–	8,502
Segment assets	549,050	36,940	77,472	7	663,469
Segment liabilities	430,737	7,419	1,031	16	439,203

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(cont'd)

4. OPERATING SEGMENTS (continued)

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)
– Gain on disposal of property, plant and equipment	(127)	(23)	–	–	(150)
– Impairment loss on trade receivables	4,558	443	–	–	5,001
– Inventories written down	–	906	–	–	906
– Inventories written off	–	25	–	–	25
– Reversal of impairment losses 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	8,836	47	17	–	8,900
Segment assets	354,668	38,189	28,293	7	421,157
Segment liabilities	213,725	6,511	897	16	221,149

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

4. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2017 RM'000	2016 RM'000
Profit for the year		
Total profit for reportable segments	50,845	52,319
Tax expense	(12,272)	(13,971)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	38,573	38,348
Assets		
Total assets for reportable segments	663,469	421,157
Deferred tax assets	–	377
Current tax assets	606	331
Assets of the Group	664,075	421,865
Liabilities		
Total liabilities for reportable segments	439,203	221,149
Deferred tax liabilities	4,587	3,725
Current tax liabilities	2,410	3,618
Retirement benefit obligations	725	802
Liabilities of the Group	446,925	229,294

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.

	2017 RM'000	2016 RM'000
Revenue from external customers		
Malaysia	50,394	150,504
Africa	1,486,211	590,448
Asia	571,203	492,683
Other regions	67,584	71,748
	2,175,392	1,305,383

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

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5. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Balance as at 1 July 2016 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Balance as at 30 June 2017 RM'000
Carrying amount						
Buildings	13,463	3	–	(607)	–	12,859
Freehold land	10,916	–	–	–	–	10,916
Leasehold land	6,136	–	–	(384)	–	5,752
Plant and machinery	11,477	7,112	*	(2,588)	–	16,001
Office furniture and equipment	1,111	640	–	(476)	5	1,280
Renovation	5,586	565	–	(417)	5	5,739
Motor vehicles	3,605	–	–	(936)	46	2,715
Construction-in-progress	527	182	–	–	–	709
	52,821	8,502	*	(5,408)	56	55,971

	At 30 June 2017		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	16,744	(3,885)	12,859
Freehold land	10,916	–	10,916
Leasehold land	6,923	(1,171)	5,752
Plant and machinery	38,011	(22,010)	16,001
Office furniture and equipment	3,750	(2,470)	1,280
Renovation	7,258	(1,519)	5,739
Motor vehicles	5,034	(2,319)	2,715
Construction-in-progress	709	–	709
	89,345	(33,374)	55,971

* Disposal of property, plant and equipment with a NIL carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2016	Balance as at 1 July 2015 RM'000	Additions RM'000	Acquisition of a subsidiary RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Reclassifications RM'000	Exchange differences RM'000	Balance as at 30 June 2016 RM'000
Carrying amount								
Buildings	13,579	–	–	–	(607)	491	–	13,463
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	488	103	–	(422)	–	8	1,111
Renovation	1,057	1,221	112	–	(379)	3,568	7	5,586
Motor vehicles	1,207	1,914	1,162	–	(708)	–	30	3,605
Construction- in-progress	8,588	–	–	–	–	(8,061)	–	527
	46,835	8,900	1,377	(8)	(4,328)	–	45	52,821

	At 30 June 2016		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	16,741	(3,278)	13,463
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
Construction-in-progress	527	–	527
	81,190	(28,369)	52,821

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2017	Balance as at 1 July 2016 RM'000	Addition RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2017 RM'000
Carrying amount				
Office furniture and equipment	131	6	(113)	24
Renovation	145	–	(61)	84
Motor vehicles	125	–	(72)	53
	401	6	(246)	161

	At 30 June 2017		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	864	(840)	24
Renovation	413	(329)	84
Motor vehicles	363	(310)	53
	1,640	(1,479)	161

Company 2016	Balance as at 1 July 2015 RM'000	Addition 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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment except for freehold land and construction-in-progress are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) 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 estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

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.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchase of property, plant and equipment	8,502	8,900	6	17
Financed by hire purchase	(6,121)	(1,625)	—	—
Cash payments on purchase of property, plant and equipment	2,381	7,275	6	17

- (d) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Motor vehicles	2,635	3,475	53	124
Plant and machinery	5,982	—	—	—
	8,617	3,475	53	124

- (e) The carrying amounts of property, plant and equipment pledged to licensed banks for banking facilities granted to certain subsidiaries at the end of the reporting period as disclosed in Notes 17, 18 and 20 to the financial statements are as follows:

	Group	
	2017 RM'000	2016 RM'000
Buildings	12,859	13,463
Freehold land	10,916	10,916
Leasehold land	5,752	6,136
	29,527	30,515

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
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6. INTANGIBLE ASSETS

Group 2017	Balance as at 1 July 2016/30 June 2017 RM'000
Carrying amount	
Goodwill	11,242
Trademark	19
	<u>11,261</u>

	At 30 June 2017		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill	11,242	–	11,242
Trademark	19	–	19
	<u>11,261</u>	<u>–</u>	<u>11,261</u>

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

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

(a) Goodwill

Goodwill is initially measured at cost. 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.

The recoverable amount of the goodwill associated with the acquisition of Continental Resources Sdn. Bhd. (the "cash generating unit" or "CGU") 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:

(i) Growth rates

The forecasted average annual revenue growth rate from 2018 to 2022 is 6.16%. The average annual revenue growth rate used in 2016 was 3.0%.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

6. INTANGIBLE ASSETS (continued)

(a) Goodwill (continued)

(ii) Pre-tax discount rates

The pre-tax discount rate used was 6.1% (2016: 7.4%). 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.

(b) Other intangible assets are recognised only when the identifiability, control and future economic benefit probability are met. The other intangible assets are initially measured at cost. After initial recognition, other intangible assets are measured at cost less accumulated impairment losses, if any.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	147,030	147,030
Less: Accumulated impairment losses	(100,730)	(100,730)
	<u>46,300</u>	<u>46,300</u>

- (a) Investments in subsidiaries are measured at cost in the separate financial statements. Non-controlling interests are measured at proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs.
- (b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2017 %	2016 %	
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.	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	60	Selling and marketing of edible oils

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2017 %	2016 %	
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. 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 of C.I. Engineering Sdn. Bhd.				
C.I. Auto Services Sdn. Bhd.	Malaysia	51	51	Inactive

* Subsidiary not audited by BDO or BDO Member Firms.

- (c) In the previous financial year, Palmtop Vegeoil Products Sdn. Bhd. ("PVPSB"), 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.
- (d) 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
2017				
NCI percentage of ownership interest and voting interest (%)	40%	49%	35%	
Carrying amount of NCI	23,935	272	(3)	24,204
Profit/(loss) allocated to NCI	11,515	(1)	(3)	11,511

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
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7. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows: (continued)

	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

* Amount less than RM1,000.

(e) 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
2017			
Assets and liabilities			
Non-current assets	18,131	—	—
Current assets	386,982	1	1
Non-current liabilities	(8,291)	—	—
Current liabilities	(335,991)	(224)	(9)
Net assets/(liabilities)	60,831	(223)	(8)
Results			
Revenue	1,778,831	—	—
Profit/(Loss) for the financial year	28,787	(4)	(4)
Total comprehensive income/(loss)	28,755	(4)	(4)
Cash flows used in operating activities	(21,930)	—*	—
Cash flows used in investing activities	(638)	—	—
Cash flows from financing activities	66,932	—	—
Net increase in cash and cash equivalents	44,364	—*	—
Dividend paid to NCI	(5,984)	—	—

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (continued)

- (e) 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: (continued)

	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)	–	–

* Amount less than RM1,000.

8. OTHER INVESTMENT

	Group and Company	
	2017 RM'000	2016 RM'000
Non-current		
Available-for-sale financial assets		
– Club membership	15	15
Less: Impairment loss	(5)	(5)
	10	10

- (a) Other investment is classified as available-for-sale financial assets and is measured at fair value, categorised as Level 3 of the fair value hierarchy.
- (b) Regular way purchase or sale of financial assets are recognised using trade date accounting.
- (c) The club membership is held by the Company under a subsidiary Director's name.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
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9. DEFERRED TAX

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

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 July 2016/2015	3,348	509
Recognised in profit or loss (Note 26)	1,239	2,839
Balance as at 30 June 2017/2016	4,587	3,348
Presented after appropriate offsetting:		
Deferred tax assets, net	–	(377)
Deferred tax liabilities, net	4,587	3,725
	4,587	3,348

- (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
Balance as at 1 July 2015	288	288
Recognised in profit or loss	89	89
Balance as at 30 June 2016/1 July 2016	377	377
Recognised in profit or loss	(377)	(377)
Balance as at 30 June 2017	–	–

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Unrealised gain on foreign exchange RM'000	Total RM'000
Balance as at 1 July 2015	510	287	797
Recognised in profit or loss	863	2,065	2,928
Balance as at 30 June 2016/1 July 2016	1,373	2,352	3,725
Recognised in profit or loss	672	190	862
Balance as at 30 June 2017	2,045	2,542	4,587

NOTES TO THE FINANCIAL STATEMENTS

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9. DEFERRED TAX (continued)

- (c) Amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unused tax losses	6,293	4,547	736	736
Unabsorbed capital allowances	5,225	5,434	493	420
Other temporary differences	6,712	6,468	(407)	(535)
	<u>18,230</u>	<u>16,449</u>	<u>822</u>	<u>621</u>

Deferred tax assets of the Company have not been recognised in respect of these items as these items were derived from different business sources and it is not probable that taxable profits of the Company from the same business source would be available against which the deductible temporary differences could be utilised.

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

These temporary differences do not expire under the current tax legislation.

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Prepayment	<u>1,000</u>	<u>1,600</u>	<u>–</u>	<u>–</u>
Current				
Trade receivables	313,883	175,651	–	–
Less: Impairment losses	(1,031)	(5,239)	–	–
	<u>312,852</u>	<u>170,412</u>	<u>–</u>	<u>–</u>
Other receivables	63,478	62,723	181	6
Deposits	1,089	2,980	147	147
	<u>64,567</u>	<u>65,703</u>	<u>328</u>	<u>153</u>
Less: Impairment losses				
– Other receivables	(385)	(385)	–	–
– Deposits	–	(2)	–	–
	<u>64,182</u>	<u>65,316</u>	<u>328</u>	<u>153</u>
Loans and receivables	<u>377,034</u>	<u>235,728</u>	<u>328</u>	<u>153</u>
Prepayments	5,161	1,256	30	33
	<u>382,195</u>	<u>236,984</u>	<u>358</u>	<u>186</u>

- (a) Trade and other receivables are classified as loans and receivables, and measured at amortised cost using the effective interest method.
- (b) The normal trade credit terms granted by the Group in respect of trade receivables ranges from 14 to 90 days (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS

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10. TRADE AND OTHER RECEIVABLES (continued)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	220,067	115,830	–	–
Past due, not impaired:				
– 1 to 30 days	67,722	47,925	–	–
– 31 to 60 days	19,882	3,452	–	–
– 61 to 90 days	4,865	3,205	–	–
– more than 91 days	316	–	–	–
	92,785	54,582	–	–
Past due and impaired	1,031	5,239	–	–
	<u>313,883</u>	<u>175,651</u>	<u>–</u>	<u>–</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired arose from active corporate customers with healthy business relationships, and the Group is of the view that these balances are recoverable based on historical receipts pattern.

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

Receivables that are past due and impaired

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

Group	Individually impaired	
	2017 RM'000	2016 RM'000
Trade receivables, gross	1,031	5,239
Less: Impairment losses	(1,031)	(5,239)
	<u>–</u>	<u>–</u>

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

Trade receivables	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 July 2016/2015	5,239	261
Charge for the financial year	696	5,001
Reversal of impairment loss	(4,904)	(23)
Balance as at 30 June 2017/2016	<u>1,031</u>	<u>5,239</u>

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

- (c) The ageing analysis of trade receivables of the Group is as follows: (continued)

Receivables that are past due and impaired (continued)

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.

The Group recognises impairment of receivables based on an assessment of the recoverability of receivables. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to measure impairment of receivables.

- (d) The Group and the 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.
- (e) The currency exposure profile of receivables is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Euro ("EUR")	20,315	5,299	–	–
United States Dollar ("USD")	273,329	151,854	–	–
Singapore Dollar ("SGD")	1,800	242	–	–
RM	81,590	78,333	328	153
	<u>377,034</u>	<u>235,728</u>	<u>328</u>	<u>153</u>

- (f) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
– EUR/RM – strengthen	463	121	–	–
– EUR/RM – weaken	(463)	(121)	–	–
– USD/RM – strengthen	6,232	3,462	–	–
– USD/RM – weaken	(6,232)	(3,462)	–	–
– SGD/RM – strengthen	41	6	–	–
– SGD/RM – weaken	(41)	(6)	–	–

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11. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost		
Raw materials	20,802	12,486
Work-in-progress	1,054	1,470
Finished goods	34,427	30,271
	<u>56,283</u>	<u>44,227</u>
At net realisable value		
Raw materials	8	–
	<u>56,291</u>	<u>44,227</u>

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the weighted average formula.
- (c) During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,981,381,000 (2016: RM1,103,469,000).
- (d) Inventories written down during the financial year amounted to RM721,000 (2016: RM906,000), which was recognised as cost of sales.
- (e) In the previous financial year, inventories written off amounted to RM25,000, which was recognised as cost of sales.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2017			2016		
	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	486,653	10,610	(2,196)	134,481	2,568	–
Commodity forward contracts	(2,960)	–	(1,791)	18,185	644	(1,979)
		<u>10,610</u>	<u>(3,987)</u>		<u>3,212</u>	<u>(1,979)</u>

- (a) Derivative financial instruments are classified as fair value through profit or loss and measured at fair value, categorised as Level 2 of the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (b) 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.
- (c) 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.
- (d) 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 RM5,390,000 (2016: RM2,812,000) is recognised in profit or loss.

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12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

- (e) The unexpired foreign currency forward contracts, which have been entered into by the Group for its trade receivables and trade payables as at end of each reporting period are as follows:

Group	Contractual amount in Foreign Currency ("FC'000")	Equivalent amount in Ringgit Malaysia ("RM'000")	Average contractual rate RM/FC	Expiry dates
2017				
USD	94,634	422,680	4.42	3.7.2017 to 5.1.2018
EUR	13,468	63,973	4.75	14.7.2017 to 6.12.2017
2016				
USD	30,277	124,594	4.12	1.7.2016 to 21.12.2016
EUR	2,160	9,887	4.58	21.9.2016 to 26.10.2016

- (f) Detailed in the table below is a summary of the Group's financial instruments subject to price risk along with their contract values and mark-to-market fair value on closing, plus fair value recognised over the financial year.

Group	Contract and notional value		Fair value attributed to price changes at period closing	
	<1 year RM'000	Total RM'000	<1 year RM'000	Total RM'000
2017				
Commodity based				
Forward sales contracts	(62,205)	(62,205)	(901)	(901)
Forward purchase contracts	59,245	59,245	(890)	(890)
			(1,791)	(1,791)
2016				
Commodity based				
Forward sales contracts	(14,078)	(14,078)	644	644
Forward purchase contracts	32,263	32,263	(1,979)	(1,979)
			(1,335)	(1,335)

The exposure of the Group to price volatility was solely derived from palm products. If the price of palm products changes by 3%, profit after tax for the Group would have equally increased or decreased by approximately RM67,000.

13. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Amounts owing by subsidiaries	18,566	51,089
Less: Impairment losses	(3,894)	(3,850)
	14,672	47,239

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

13. AMOUNTS OWING BY SUBSIDIARIES (continued)

- (a) Amounts owing by subsidiaries are classified as loans and receivables, and measured at amortised cost using the effective interest method.
- (b) 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 an amount owing from a subsidiary in the previous financial year amounting to RM31,000,000, which was unsecured, subject to interest rate of 4.0% per annum and payable upon demand in cash and cash equivalents.
- (c) Amounts owing by subsidiaries are denominated in RM.

14. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	87,081	60,152	7,149	23,795
Deposits with licensed banks	59,050	10,890	58,550	3,900
	<u>146,131</u>	<u>71,042</u>	<u>65,699</u>	<u>27,695</u>

- (a) Deposits with licensed banks of the Group and of the Company are subject to fixed interest at rates ranging from 2.00% to 3.25% (2016: 3.10% to 3.70%) respectively.
- (b) The deposits with the licensed banks of the Group and of the Company as at the end of the reporting period have maturity periods ranging from 3 days to 75 days (2016: 7 days to 365 days).

In the previous financial year, deposits with licensed banks of the Group of RM5,530,000 were pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

- (c) Deposits with licensed banks of the Group and of the Company are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as changes in interest rates would not materially affect profit or loss.
- (d) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
USD	45,677	24,695	–	–
SGD	3,533	1,335	–	–
EUR	14,051	2,397	–	–
RM	82,870	42,615	65,699	27,695
	<u>146,131</u>	<u>71,042</u>	<u>65,699</u>	<u>27,695</u>

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

14. CASH AND BANK BALANCES (continued)

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
– USD/RM – strengthen	1,041	563	–	–
– USD/RM – weaken	(1,041)	(563)	–	–
– SGD/RM – strengthen	81	30	–	–
– SGD/RM – weaken	(81)	(30)	–	–
– EUR/RM – strengthen	320	55	–	–
– EUR/RM – weaken	(320)	(55)	–	–

- (f) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	87,081	60,152	7,149	23,795
Deposits with licensed banks	59,050	10,890	58,550	3,900
As reported in statements of financial position	146,131	71,042	65,699	27,695
Less: Deposits pledged with licensed banks	–	(19)	–	–
Less: Deposits with maturity periods of more than 3 months pledged with licensed banks	–	(5,511)	–	–
As reported in statements of cash flows	146,131	65,512	65,699	27,695

15. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary share				
Balance as at 1 July 2016/2015	162,000	81,000	162,000	81,000
Transfer from share premium account pursuant to the new Companies Act, 2016	–	14,147	–	–
Balance as at 30 June 2017/2016	162,000	95,147	162,000	81,000

NOTES TO THE FINANCIAL STATEMENTS

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15. SHARE CAPITAL (continued)

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.

With the introduction of the new Companies Act, 2016 (the "Act") effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balances within the share premium account have been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Act. Notwithstanding this provision, the Company has elected to utilise its share premium account of RM14,147,000 for purposes stipulated in Section 618(3) of the Act for a transitional period of 24 months from 31 January 2017.

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

16. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable:				
Share premium	–	14,147	–	14,147
Exchange translation reserve	(42)	(20)	–	–
	(42)	14,127	–	14,147
Distributable:				
Retained earnings	97,841	78,753	31,247	26,050
	97,799	92,880	31,247	40,197

(a) Share premium

Share premium balances have been transferred to share capital pursuant to the transitional provisions in Section 618(2) of the new Companies Act, 2016.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

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17. BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current liabilities				
Secured:				
Term loans	4,787	6,124	–	–
Hire purchase creditors	6,225	2,054	131	173
	<u>11,012</u>	<u>8,178</u>	<u>131</u>	<u>173</u>
Current liabilities				
Secured:				
Term loans	1,165	1,454	–	–
Bankers' acceptances	152,681	37,082	–	–
Islamic term financing	81,582	26,637	–	–
Hire purchase creditors	1,834	642	43	41
Foreign trust receipts	–	51,361	–	–
Offshore foreign currency loans	–	9,513	–	–
	<u>237,262</u>	<u>126,689</u>	<u>43</u>	<u>41</u>
Total borrowings				
Term loans (Note 18)	5,952	7,578	–	–
Bankers' acceptances	152,681	37,082	–	–
Islamic term financing (Note 20)	81,582	26,637	–	–
Hire purchase creditors (Note 19)	8,059	2,696	174	214
Foreign trust receipts	–	51,361	–	–
Offshore foreign currency loans	–	9,513	–	–
	<u>248,274</u>	<u>134,867</u>	<u>174</u>	<u>214</u>

- (a) Borrowings are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Bankers' acceptances, foreign trust receipts and offshore foreign currency loans are secured by first legal charges over deposits with licensed banks, freehold land, leasehold land and buildings of certain subsidiaries.
- (c) Bankers' acceptances, foreign trust receipts and offshore foreign currency loans are guaranteed by the following:
- corporate guarantee and indemnity by the Group and a negative pledge on the assets of certain subsidiaries; and
 - individual guarantee issued by certain Director of the Group.

NOTES TO THE FINANCIAL STATEMENTS

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17. BORROWINGS (continued)

(d) The weighted average effective interest rates for the loans and borrowings as at reporting date, are as follow:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Fixed rate				
Hire purchase creditors	2.99	2.55	2.30	2.30
Floating rate				
Term loan	6.58	6.84	–	–
Bankers' acceptances	4.19	4.14	–	–
Islamic term financing	3.81	2.92	–	–
Foreign trust receipt	–	2.51	–	–
Offshore foreign currency loan	–	1.84	–	–

(e) At the end of the reporting period, the interest rate profile of the borrowings are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rate	8,059	2,696	174	214
Variable rate	240,215	132,171	–	–

(f) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit after tax				
– Increased by 1.0% (2016:1.0%)	(1,826)	(1,004)	–	–
– Decreased by 1.0% (2016:1.0%)	1,826	1,004	–	–

Sensitivity analysis for fixed rate borrowings at the end of reporting period is not presented as changes in interest rates would not materially affect profit or loss.

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17. BORROWINGS (continued)

- (g) The maturity profile of the Group and Company's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 30 June 2017				
Financial liabilities				
Term loans	1,558	5,040	1,194	7,792
Bankers' acceptances	152,681	–	–	152,681
Islamic term financing	81,582	–	–	81,582
Hire purchase creditors	2,192	6,883	–	9,075
Total undiscounted financial liabilities	238,013	11,923	1,194	251,130
Company				
Financial liabilities				
Hire purchase creditors	49	138	–	187
Total undiscounted financial liabilities	49	138	–	187
Group				
As at 30 June 2016				
Financial liabilities				
Term loans	2,288	6,524	1,442	10,254
Bankers' acceptances	37,082	–	–	37,082
Islamic term financing	26,637	–	–	26,637
Hire purchase creditors	675	2,283	–	2,958
Foreign trust receipts	51,361	–	–	51,361
Offshore foreign currency loans	9,514	–	–	9,514
Total undiscounted financial liabilities	127,557	8,807	1,442	137,806
Company				
As at 30 June 2016				
Financial liabilities				
Hire purchase creditors	49	187	–	236
Total undiscounted financial liabilities	49	187	–	236

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
USD	–	86,610	–	–
RM	248,274	48,257	174	214
	248,274	134,867	174	214

NOTES TO THE FINANCIAL STATEMENTS

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17. BORROWINGS (continued)

- (i) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Effects of 3% changes to RM against foreign currency				
Profit after tax				
– USD/RM – strengthen	–	(1,975)	–	–
– USD/RM – weaken	–	1,975	–	–

18. TERM LOANS

	Group	
	2017 RM'000	2016 RM'000
Term loan I	590	737
Term loan II	1,377	1,423
Term loan III	2,055	2,580
Term loan IV	1,930	2,108
Term loan V	–	730
	<u>5,952</u>	<u>7,578</u>

- (a) Term loans of subsidiaries are secured by:
- legal charges over the freehold land and building of a subsidiary; and
 - legal charges over leasehold land and building of a subsidiary and joint and several guarantees of Directors of the subsidiary.
- (b) 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 7.20% (2016: 7.45%).
- (c) 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 7.20% (2016: 7.45%).
- (d) Term Loan III is repayable in sixty (60) equal monthly instalments commencing June 2015 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 7.20% (2016: 7.45%).
- (e) 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 5.10% (2016: 5.35%).
- (f) In the previous financial year, Term Loan V was repayable in hundred and twenty (120) equal monthly instalments commencing January 2009 and has no fixed repricing period. The interest rate charges for the term loan were based on the BLR plus 0.60% per annum. Interest rate charged was 7.45%.
- (g) A covenant in relation to the secured term loans I, II, III and IV amounting to RM5,952,000 (2016: RM6,848,000) is that the gearing ratio of the subsidiary shall not exceed 1.5 times throughout the tenure of the facilities.

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19. HIRE PURCHASE CREDITORS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Minimum hire purchase payments:				
– not later than one (1) year	2,192	675	49	49
– later than one (1) year but not later than five (5) years	6,883	2,283	138	187
Total minimum hire purchase payments	9,075	2,958	187	236
Less: Future interest charges	(1,016)	(262)	(13)	(22)
Present value of hire purchase payments	8,059	2,696	174	214
Repayable as follows:				
Current liabilities:				
– not later than one (1) year	1,834	642	43	41
Non-current liabilities:				
– later than one (1) year but not later than five (5) years	6,225	2,054	131	173
	8,059	2,696	174	214

- (a) The carrying amounts of hire purchase creditors of the Group and of the Company as at the end of the reporting period that do not approximate their fair values are:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 30 June 2017	8,059	8,037	174	172
At 30 June 2016	2,696	2,685	214	207

The fair value of hire purchase creditors is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

20. ISLAMIC TERM FINANCING

	Group	
	2017 RM'000	2016 RM'000
Secured		
Islamic acceptance bills	922	902
Islamic trade facilities	80,660	25,735
	81,582	26,637
Repayable as follows:		
Current liabilities		
– not later than one year	81,582	26,637

- (a) Islamic acceptance bills are secured by first legal charge over the leasehold land and building of a subsidiary.
- (b) Islamic acceptance bills and Islamic trade facilities are guaranteed by way of a corporate guarantee by the Company.

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21. 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	
	2017 RM'000	2016 RM'000
Present value of unfunded retirement benefit obligations	725	802
Analysed as follows:		
Non-current liabilities		
– later than five (5) years	725	802

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

	Group	
	2017 RM'000	2016 RM'000
Current service cost	32	31
Past service cost	33	62
Interest cost	38	35
Expenses recognised in the statement of profit or loss and other comprehensive income included under administrative expenses	103	128

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	
	2017 RM'000	2016 RM'000
Balance as at 1 July 2016/2015	802	739
Recognised in profit or loss	103	128
Re-measurement of defined benefit liability	(126)	–
Contributions paid	(54)	(65)
Balance as at 30 June 2017/2016	725	802

The principal actuarial assumptions used are as follows:

	Group	
	2017 %	2016 %
Discount rates	4.9	4.8
Expected rates of salary increases	6.0	6.0
Price inflation	3.0	3.5

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22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	158,014	55,361	–	–
Other payables	8,847	8,209	40	36
Accruals	20,081	20,733	813	642
	28,928	28,942	853	678
	186,942	84,303	853	678

- (a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) The normal credit terms granted to the Group in respect of trade payables ranged from 4 to 120 days (2016: 4 to 120 days) from the date of invoice.
- (c) The maturity profile of the Group and of the Company's trade and other payables at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
As at 30 June 2017	186,942	–	–	186,942
As at 30 June 2016	84,303	–	–	84,303
Company				
As at 30 June 2017	853	–	–	853
As at 30 June 2016	678	–	–	678

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EUR	344	161	–	–
USD	43,569	24,754	–	–
SGD	2,865	1,251	–	–
RM	140,164	58,061	853	678
Chinese Yuan ("CNY")	–	76	–	–
	186,942	84,303	853	678

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

22. TRADE AND OTHER PAYABLES (continued)

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
– EUR/RM – strengthen	(8)	(4)	–	–
– EUR/RM – weaken	8	4	–	–
– USD/RM – strengthen	(993)	(564)	–	–
– USD/RM – weaken	993	564	–	–
– SGD/RM – strengthen	(65)	(29)	–	–
– SGD/RM – weaken	65	29	–	–
– CNY/RM – strengthen	–	(2)	–	–
– CNY/RM – weaken	–	2	–	–

23. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Future minimum lease payments:				
– not later than one (1) year	1,628	1,869	358	478
– later than one (1) year but not later than five (5) years	1,236	2,463	–	358
	2,864	4,332	358	836

- (b) Capital commitments

	Group	
	2017 RM'000	2016 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
– Approved but not contracted for	7,400	–
– Contracted but not provided for	–	5,535
	7,400	5,535

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(cont'd)

24. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods	2,175,392	1,305,351	–	–
Dividend income	–	–	12,960	8,100
Interest income from short term investment	–	32	–	32
Management fee	–	–	3,240	2,900
	<u>2,175,392</u>	<u>1,305,383</u>	<u>16,200</u>	<u>11,032</u>

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:

- 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.
- Dividend income**
Dividend income is recognised when the right to receive payment is established.
- Interest income**
Interest income is recognised as it accrues, using the effective interest method.
- Management fee**
Management fee is recognised when management service is rendered.

25. COST OF SALES

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

26. TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense based on profit for the financial year	12,485	11,166	306	326
Over-provision in prior years	(1,452)	(34)	(15)	–
	<u>11,033</u>	<u>11,132</u>	<u>291</u>	<u>326</u>
Deferred tax (Note 9):				
Relating to origination and reversal of temporary differences	1,308	2,837	–	–
(Over)/Under-provision in prior years	(69)	2	–	–
	<u>1,239</u>	<u>2,839</u>	<u>–</u>	<u>–</u>
Total tax expense	<u>12,272</u>	<u>13,971</u>	<u>291</u>	<u>326</u>

- Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profits for the fiscal year.
- Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

26. TAX EXPENSE (continued)

- (c) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	50,845	52,319	13,588	8,459
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	12,203	12,557	3,261	2,030
Tax effects in respect of:				
Non-allowable expenses	1,262	1,194	108	175
Non-taxable income	(99)	(46)	(3,111)	(1,952)
Deferred tax assets not recognised	427	298	48	73
	13,793	14,003	306	326
Over-provision of income tax in prior financial years	(1,452)	(34)	(15)	–
(Over)/Under-provision of deferred tax in prior financial years	(69)	2	–	–
	12,272	13,971	291	326

- (d) Tax on each component of other comprehensive income is as follows:

Group	Before tax RM'000	Tax effect RM'000	After tax RM'000
2017			
Foreign currency translations	(36)	–	(36)
Re-measurement of defined benefit liability	126	–	126
2016			
Foreign currency translations	(34)	–	(34)

27. 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	
	2017 RM'000	2016 RM'000
Profit attributable to equity holders of the parent	27,062	26,610
	Unit'000	Unit'000
Weighted average number of ordinary shares in issue	162,000	162,000
	Sen	Sen
Basic earnings per ordinary share	16.70	16.43

- (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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

28. DIVIDEND

	Group and Company			
	2017		2016	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
Final dividend	–	–	5.00	8,100

A final dividend in respect of the financial year ended 30 June 2017 of 8.0 sen per ordinary share, amounting to RM12,960,000 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 2018.

29. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries and wages	24,594	22,465	2,299	2,483
Social security contributions	152	110	11	8
Contributions to defined contribution plan	2,653	1,791	274	266
Defined benefits plan	103	128	–	–
Other benefits	542	501	210	109
	28,044	24,995	2,794	2,866

30. 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.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in the Note 7 to the financial statements; and
- (ii) 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

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Subsidiaries:				
Management fee	–	–	3,240	2,900
Interest income	–	–	912	1,669
Dividend income	–	–	12,960	8,100

Related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

30. RELATED PARTY DISCLOSURES (continued)

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term employee benefits	5,637	5,421	1,085	1,104
Contributions to defined contribution plan	409	338	85	81
	<u>6,046</u>	<u>5,759</u>	<u>1,170</u>	<u>1,185</u>

31. CAPITAL AND FINANCIAL RISK MANAGEMENT

(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 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 payout to shareholders, issue new ordinary and redeem debts, where necessary. No changes were made in the objectives, policies or processes during the financial year.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowings	248,274	134,867	174	214
Trade and other payables	186,942	84,303	853	678
Other liabilities	11,709	10,124	–	–
Total liabilities	446,925	229,294	1,027	892
Less: Cash and bank balances	(146,131)	(71,042)	(65,699)	(27,695)
Net debt/(cash)	<u>300,794</u>	<u>158,252</u>	<u>(64,672)</u>	<u>(26,803)</u>
Equity	<u>192,946</u>	<u>173,880</u>	<u>126,394</u>	<u>121,197</u>
Gearing ratio (%)	<u>1.56</u>	<u>0.91</u>	<u>N/A</u>	<u>N/A</u>

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 (excluding treasury shares, if any) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement during the financial year.

(b) Financial risk management objectives and policies

Exposure to credit risk, liquidity and cash flow risk, foreign currency risk, interest rate risk and price fluctuation 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(cont'd)

31. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

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.

(i) 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 counterparties of the Group 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.

The credit risk concentration profiles have been disclosed in Note 10 to the financial statements.

(ii) 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.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 17 and 22 to the financial statements.

(iii) 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.

The foreign currency profile and sensitivity analysis have been disclosed in Notes 10, 12, 14, 17 and 22 to the financial statements.

(iv) 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.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 17 to the financial statements.

(v) Price fluctuation risk

The edible oils segment of the Group is inversely exposed to price fluctuation risk on sales and purchases of palm oil commodities. This segment enters into commodity forward contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

The objective of the Group on price risk management is to limit the exposure of the Group to fluctuations in market prices and to achieve expected margins on revenue.

The Group manages its price fluctuation risk by having policies and procedures governing forward positions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(cont'd)

32. COMPANIES ACT 2016

Companies Act, 2016 ("CA2016") was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

- (a) Authorised share capital has been removed;
- (b) Par or nominal value of ordinary shares have been removed; and
- (c) Balances in the share premium account have been transferred into the share capital account.

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

33.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(cont'd)

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards and Amendments 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
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatment</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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

34. 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:

	2017	
	Group RM'000	Company RM'000
Total (accumulated loss)/retained earnings of C.I. Holdings Berhad and its subsidiaries:		
– Realised	(42,871)	31,247
– Unrealised	8,694	–
	(34,177)	31,247
Less: Consolidation adjustments	132,018	–
Total retained earnings	97,841	31,247

	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

LIST OF PROPERTIES

As At 30 June 2017

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)	37	Factory for Manufacturing Tap wares	10/06/1978	819
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)	21	Factory for Manufacturing Sanitary wares	03/11/1995	5,189
Selangor Darul Ehsan						
Freehold land	Land with building at GM 2514, Lot 2239, 9th Mile Teluk Lot 2239, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan	175,602	12	Industrial land	20/09/2005	13,408
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	5	Industrial land	30/12/2012	4,601
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	9	Industrial land	20/02/2008	5,510
						29,527

ANALYSIS OF SHAREHOLDINGS

AS AT 30 AUGUST 2017

Issued and fully paid-up share capital : 162,000,000 ordinary shares

Class of shares : Ordinary shares

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	110	4.87	1,494	0.00
100 - 1,000	800	35.40	664,384	0.41
1,001 - 10,000	1,032	45.66	4,081,612	2.52
10,001 - 100,000	254	11.24	8,075,200	4.98
100,001 to less than 5% of issued shares	60	2.65	62,440,210	38.54
5% and above of issued shares	4	0.18	86,737,100	53.54
Total	2,260	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	10,300,000	6.36	—	—
5	Datuk Seri 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	360,000	0.22	—	—
2	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62	—	—
3	Fung Heen Choon	10,300,000	6.36	—	—
4	Lee Cheang Mei (Alternate Director to Fung Heen Choon)	10,515,000	6.49	—	—
5	Dato' Sukumaran s/o Ramasamy	1,054,600	0.65	—	—
6	Datin Mariam Prudence Binti Yusof	—	—	34,344,900	21.20 ¹
7	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.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 AUGUST 2017
(cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for JAG Capital Holdings Sdn Bhd</i>	53,000,000	32.72
2	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Continental Theme Sdn Bhd</i>	12,922,100	7.98
3	Lee Cheang Mei	10,515,000	6.49
4	Fung Heen Choon	10,300,000	6.36
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 <i>Pledged Securities Account for Syarifah Anita Ibrahim</i>	3,669,500	2.26
9	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Syarifah Aminah Ibrahim Binti Syed Ibrahim</i>	3,646,400	2.25
10	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Azril Akmar Bin Attan Akmar</i>	3,624,400	2.24
11	Sisma Water Technology Sdn Bhd	3,507,400	2.17
12	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah</i>	3,498,000	2.16
13	Du Ain Sdn Bhd	3,329,000	2.06
14	Tiger Vest Sdn Bhd	3,009,300	1.86
15	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Erwin Selvarajah a/l Peter Selvarajah</i>	2,059,300	1.27
16	Potensi Berkat Sdn Bhd	1,881,510	1.16
17	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Bank Vontobel AG</i>	1,582,700	0.98
18	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Smart Treasure Fund</i>	1,430,800	0.88
19	Casa Biz Sdn Bhd	1,303,600	0.80
20	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,230,000	0.76
21	RDS Network Sdn Bhd	1,102,000	0.68
22	Dato' Sukumaran s/o Ramasamy	1,054,600	0.65
23	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62
24	Yip Kean Sung	880,800	0.54
25	Azri Bin Abdul Ghani	631,900	0.39
26	Citigroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan)</i>	609,900	0.38
27	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Bank Julius Baer & Co. Ltd (Singapore Bch)</i>	527,100	0.32
28	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Smart Balanced Fund</i>	518,900	0.32
29	UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Exempt an for UOB Kay Hian Pte Ltd</i>	511,600	0.31
30	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Smart Income Fund</i>	441,300	0.27
		142,373,510	87.88

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, Messrs BDO and their affiliated companies by the Group and the Company for the financial year ended 30 June 2017 were tabulated as follows:

	Audit Fees		Non-Audit Fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
i) BDO	233	55	13	13
ii) BDO Tax Services Sdn Bhd	–	–	33	5
	233	55	46	18

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 2017 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. / Passport No. / Company No.)
of _____

being a member/members of **C.I. HOLDINGS BERHAD**, hereby appoint:

Full Name (in block letters)	NRIC No. / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in block letters)	NRIC No. / 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-Ninth Annual General Meeting of the Company, to be held at Ballroom 1, InterContinental Kuala Lumpur at 165, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 31 October 2017 at 10:00 a.m. and at any adjournment thereof.

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To declare first and final dividend for the financial year ended 30 June 2017		
Ordinary Resolution 2	To approve the payment of Directors' fees and benefits for the financial year ended 30 June 2017		
Ordinary Resolution 3	To approve the Directors' benefits for the period from 1 July 2017 until the next Annual General Meeting to be held in 2018		
Ordinary Resolution 4	To re-elect Datin Mariam Prudence Binti Yusof as Director		
Ordinary Resolution 5	To re-elect Mr. Fung Heen Choon as Director		
Ordinary Resolution 6	To re-elect Datuk Haji Ariffin Bin Imat as Director		
Ordinary Resolution 7	To re-appoint Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz as Director		
Ordinary Resolution 8	To re-appoint Messrs BDO as Auditors of the Company		
	SPECIAL BUSINESS	FOR	AGAINST
Ordinary Resolution 9	To retain Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz as an Independent Non-Executive Director		
Ordinary Resolution 10	To retain Encik Nor Hishammuddin Bin Dato' Mohd Nordin as an Independent Non-Executive Director		
Ordinary Resolution 11	Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		

(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 _____ 2017

Signature(s) of Shareholder/Attorney
(if shareholder is a corporation, this part should be executed under seal)

NOTES:

- 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 Constitution to issue a General Meeting Record of Depositors as at 25 October 2017. Only a member whose name appears in the Record of Depositors as at 25 October 2017 shall be entitled to attend the Meeting and to speak and vote thereat.
- 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. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- 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.
- 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.
- 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.
- 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.
- 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.
- Pursuant to Paragraph 8.29A of the Main Market Listing Requirement, voting at the Thirty-Ninth Annual General Meeting of the Company will be conducted by poll, rather than a show of hands. Independent Scrutineers will be appointed to observe 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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