GEFUNG HOLDINGS BERHAD (654188-H)
Suite E-10-06, Level 10, Block E, Plaza Mont' Kiara
No. 2, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur, Malaysia
Tel: 603 - 6201 7786
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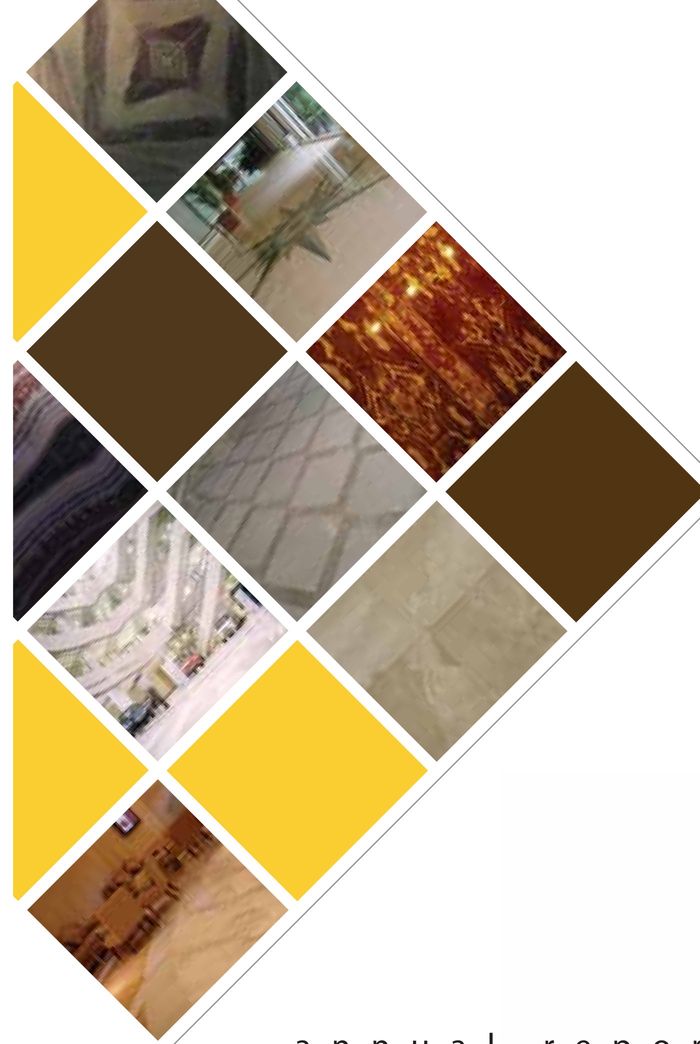
GEFUNG HOLDINGS BERHAD (654188-H)

annual report 2007



GEFUNG HOLDINGS BERHAD (654188-H)

annual report 2007

CONTENTS

OUR VISION

To be a leading manufacturer and distributor of premium quality marble and granite products.

OUR MISSION

To continuously enhance our product quality and operational effciency.

To strengthen our market position through the widening of our business network globally.

To keep pace with the ever-evolving global dynamics.

COMPANY DIRECTORS

DATUK AZIZAN BIN ABD RAHMAN
Chairman/Independent Non-Executive Director

WONG HEANG FINE
Deputy Chairman/Non-Independent Non-Executive Director

SEO AIK LEONG
Managing Director

CHAN YING WEI
Executive Director (Appointed on 28 April 2008)
(Ceased as Alternate Director to Andy Kwang Jaw Tjoan on 28 April 2008)

ANDY KWANG JAW TJOAN
Executive Director
(Resigned on 28 April 2008)

KHAYAT, YOUSUF MOHAMEDYAQUB Y
Non-Independent Non-Executive Director

LOI HENG SEWN
Independent Non-Executive Director

CHEONG MARN SENG
Independent Non-Executive Director

LEE CHONG HOE
Independent Non-Executive Director

AUDIT COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

LOI HENG SEWN
Member

CHEONG MARN SENG
Member

SEO AIK LEONG
Member
(Resigned on 20 February 2008)

NOMINATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

CHEONG MARN SENG
Member

LEE CHONG HOE
Member

REMUNERATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

SEO AIK LEONG
Member

LEE CHONG HOE
Member

COMPANY SECRETARIES

YEOH CHONG KEAT
(MIA 2736)

LIM FEI CHIA
(MAISCA 7036158)

CORPORATE OFFICE

Suite E-10-06, Level 10,
Block E, Plaza Mont'Kiara,
No. 2, Jalan Kiara
Mont'Kiara, 50480 Kuala Lumpur
Tel : 03 6201 7786
Fax : 03 6201 7286
Website : www.gefung.com.my

REGISTERED OFFICE

Suite 11.1A, Level 11, Menara Weld
76 Jalan Raja Chulan, 50200 Kuala Lumpur
Tel : 03 2031 1988
Fax : 03 2031 9788

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
Level 13, Uptown 1, No. 1, Jalan SS21/58
Damansara Uptown, 47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 7718 6000
Fax : 03 7722 2311

AUDITORS

Horwath

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Bangkok Bank Berhad
Bank of China Limited
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE

Second Board of Bursa Malaysia Securities Berhad

Stock Name : GEFUNG
Stock Number : 7086

CORPORATE STRUCTURE

GEFUNG HOLDINGS BERHAD (654188-H)

- 100% Syarikat Bukit Granite Sdn. Bhd. (Malaysia)
- 100% Shanghai Ge Fung Marble & Granite Co. Ltd. (China)
- 100% SBG Trading (Labuan) Ltd. (Malaysia)
- 100% Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey)

YBhg Datuk Azizan Bin Abd Rahman
(58 years of age - Malaysian)
Chairman/Independent Non-Executive Director

YBhg Datuk Azizan bin Abd Rahman, DMSM, was appointed as Chairman of Gefung Holdings Berhad on 1 December 2006. He is also the Chairman for the Audit, Nomination and Remuneration Committee.

He started his career as a Shipping Executive in Harper Gilfillan (M) Sdn. Bhd. after graduating from University of Malaya in 1973 with a degree in Bachelor of Arts. In 1975, he joined Pernas MISC Shipping Agencies Sdn. Bhd. as its first Branch Manager in the new Johor Port. He later became Penang Branch Manager and MISC Marketing Manager based in Kuala Lumpur. In 1981, he was attached to Panocean Limited in London in their Chartering Department. He left MISC to join JF Apex Securities Berhad in 1982 as Director and launched his career in stockbroking and finance. As a stockbroker, he was an active member of the stockbrokers fraternity and had held the post of President of the Association of Stockbroking Companies of Malaysia until he left the industry. Datuk Azizan brought with him vast experience in stockbroking and corporate finance having helped Tongkah Holdings Berhad and also the Kedah State owned Bina Darulaman Berhad in their debt restructuring plans. He joined the MBf Group in 2000 to help in the restructuring of the MBf Group and was subsequently appointed the Managing Director of MBf Capital Berhad in 2001. Upon completion of the exercise, Datuk Azizan stepped down as Managing Director and was appointed as the Non-Executive Chairman of MBf Corporation Berhad.

He is currently the Chairman of Eastern & Oriental Berhad, Executive Chairman of Isyoda Corporation Berhad, Director of MBF Holdings Berhad, Nagamas International Berhad (formerly known as Tenco Berhad), Apex Equity Holdings Berhad and TH Plantations Berhad. Datuk Azizan is a member of the Investment Panel of Lembaga Tabung Haji.

Datuk Azizan has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Wong Heang Fine
(50 years of age - Singaporean)
Deputy Chairman/Non-Independent
Non-Executive Director

Mr. Wong Heang Fine was appointed as Director of Gefung Holdings Berhad on 15 November 2007 and as Deputy Chairman on 20 February 2008.

Mr. Wong holds a Master of Science in Engineering Production & Management from the University of Birmingham, UK and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, UK.

He is currently the CEO of CapitaLand ILEC Pte. Ltd. and CapitaLand GCC Holdings Pte. Ltd.

Prior to this, he was President & Chief Executive Officer of SembCorp Engineers and Constructors Pte Ltd (SEC) [now known as Sembawang Engineers and Constructors]. In 1998, he joined Cathay Organisation Pte. Ltd. as Deputy President, where he helped realize the company's 40-year ambition of going public by utilizing a reverse takeover strategy through IMM Multi-Enterprise (IME) which was listed on SESDAQ. In July 1999, he was appointed as President & CEO of Cathay Organisation Holdings. From November 1996 to February 1998, he was the Director (Infrastructure), L&M Group Investments Ltd, where he was involved in the restructuring of L&M Group Investments Ltd (LMGI) by spearheading diversifications into infrastructure and property projects. In August 1991 to November 1996, he joined Singapore Technologies Industrial Corporation (STIC). Under STIC, he pioneered the infrastructure development of the industrial estate and a 24,000 hectare international resort belt on Bintan Island (Indonesia), which was completed in just less than five years. He was also instrumental in developing and later managing the Bintan Lagoon Resort, the first 4-star international resort hotel on the island, two 18-hole signature golf courses and 57 units of bungalow housing costing S$240 million. From 1981 to 1984 Mr. Wong was recruited by the Singapore Public Service Commission office in London to join the Economic Development Board as a Senior Industry Officer. His responsibilities included the promotion and development of investments in the area of manufacturing of Industrial Machinery and Tools and Dies.

He is not a director of any other public companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Seo Aik Leong
(49 years of age - Malaysian)
Managing Director

Mr. Seo Aik Leong was appointed as Director and Managing Director of Gefung Holdings Berhad on 10 October 2006. He also currently sits on the Board of Syarikat Bukit Granite Sdn. Bhd. (SBG) and Shanghai Ge Fung Marble & Granite Co. Ltd. (SGMG). He is also a member of the Remuneration Committee.

He graduated with a Bachelor of Science (Naval Architecture Engineering) from National Taiwan University, Taipei, Taiwan. He started his career in Taiwan in various industries. He gathered his stone industry knowledge from his Taiwan stint. Upon his return from Taiwan, he started the stone business for the Group in Malaysia in 1994 and subsequently in China in 1999. His foresight and impeccable entrepreneurial quality played the important role in the successful growth of the Gefung Group from its small existence to a leading player in the stone industry within the China and Malaysia market. His vast experience, strong personal interest and hands on experience in daily operational work has transformed the Group to be a leading company in the industry.

He does not sit on the Board of any other public companies. He has no family relationship with any of the other directors of the Company. Mr Seo has not been convicted of any offences within the past 10 years.

Chan Ying Wei
(37 years of age – Malaysian)
Executive Director

Mr. Chan Ying Wei was appointed as Alternate Director to Andy Kwang Jaw Tjoan on 11 October 2006 and ceased as Alternate Director on 28 April 2008. Subsequently, Mr. Chan was appointed as Executive Director on 28 April 2008.

He graduated with a Bachelor of Business (Accountancy) from RMIT University, Melbourne Australia. He started his career in Arthur Andersen/ Ernst & Young for 10 years during which he was involved in external auditing, financial management, receivership, IPOs and restructuring projects. He is a member of CPA Australia and Malaysian Insititute of Accountants. Before joining Gefung, he was a Financial Controller in a Retail Property Management Company managing three shopping malls.

He is not a director of any other public companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Cheong Marn Seng
(43 years of age – Malaysian)
Independent Non-Executive Director

Mr. Cheong Marn Seng was appointed as Director of Gefung Holdings Berhad on 28 September 2006. He is also a member of the Audit and Nomination Committee.

He holds a Bachelor of Commerce in economic and finance from the University of Melbourne, Australia and a Member of MIA. He has had 8 years of experience in investment banking, having served in a senior position in the corporate finance department of a local merchant bank. He has had extensive exposure to corporate finance techniques such as corporate restructuring, equity and debt issue, business valuation and acquisition. Prior to his stint with the investment banking industry, he worked for two international accounting firms for over 4 years during which he was involved in several aspects of auditing, financial management and consultancy.

He is an Executive Director of Lien Hoe Corporation Berhad, a company listed on as Main Board of Bursa Malaysia and has business in property investment, land development, building and civil contracting works and hotel operations.

He is not a director of any other public companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Khayat, Yousuf Mohamedyaqub Y
(51 years of age – Saudi Arabian)
Non-Independent Non-Executive Director

Mr. Khayat Yousuf Mohamedyaqub Y, was appointed as Director of Gefung Holdings Berhad on 15 November 2007. He holds a Bachelor and Master's degree in Business Economics from the University of California, Santa Barbara, California and has attended various high level seminars and training programs, including the Columbia University Executive program.

He has over 26 years diversified experience in the fields of banking and investments. He currently holds the position of Managing Director in the Direct Investment Group (DIG) of Saudi Economic & Development Co. Ltd. (SEDCO), looking after the development and management of strategic equity investments in private companies in the Middle East and North Africa (MENA), India, Pakistan and South East Asia. He is also a member of SEDCO's Executive Committee.

Prior to joining SEDCO, Mr. Khayat worked in various executive positions at Saudi American Bank (now SAMBA Financial Group) in Jeddah and London. His last position was Division Head, Corporate Banking Group. He also worked as an Executive Vice President at a private investment company in Jeddah, Saudi Arabia, focusing on private equity investments in the United States and Europe. He was a member of the Economic & Social Advisory Committee, Makkah Region Governorate and is a member of the American Management Association International. He is a member of Board of Directors of Gulf Finance House, Bahrain, Gulf Finance House Commercial Bank, Bahrain, PSJI, a Mexico-based real estate development company and Green Packet Berhad.

He is also a Non-Independent Non-Executive Director of Green Packet Berhad.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Loi Heng Sewn
(48 years of age – Malaysian)
Independent Non-Executive Director

Mr. Loi Heng Sewn was appointed as Non-Executive Director of Gefung Holdings Berhad on 28 September 2006. He is also a Member of the Audit Committee.

He graduated from Bachelor of Business Administration (Management) from Lakehead University, Thunder Bay, Ontario Canada. He started his career with MBf Group of Companies as a member of Senior Management Team. He was also a member of the Board of Directors on some of the MBf Group of companies.

He started his own business since 1999 before his appointment as Director of Gefung Holdings Berhad.

He is not a director of any other public companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Lee Chong Hoe
(44 years of age – Malaysian)
Independent Non-Executive Director

Mr. Lee Chong Hoe was appointed as Independent Non-Executive Director of Gefung Holdings Berhad on 10 October 2006. He is also a member of the Nomination and Remuneration Committee.

He graduated with Bachelor of Economics/LLB from Monash University, Melbourne Australia. He started working as tax consultant in KPMG Tax Services Sdn. Bhd. in 1990. He then went into legal practice in 1992 and has since participated in some Initial Public Offerings in Malaysia. He is a partner in a Kuala Lumpur law firm.

He is a Non-Executive director of Ho Hup Construction Berhad.

He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Board of Directors of Gefung Holdings Berhad
From left to right:
Loi Heng Sewn, Wong Heang Fine, Seo Aik Leong, YBhg Datuk Azizan Bin Abd Rahman, Khayat Yousuf Mohamedyaqub Y, Cheong Marn Seng, Lee Chong Hoe, Chan Ying Wei

DATUK AZIZAN BIN ABD RAHMAN
Chairman

Dear valued shareholders,

On behalf of the Board of Directors, it is my great pleasure t you the Annual Report and Audited Financial Statements o Holdings Berhad for the financial year ended 31 December 20

Gefung has been involved in the processing, trading and workmanship of premium marble and granite works for over 13 years. We deal mainly with the upper crust of commercial and government projects, while we also have a presence in retail sales.

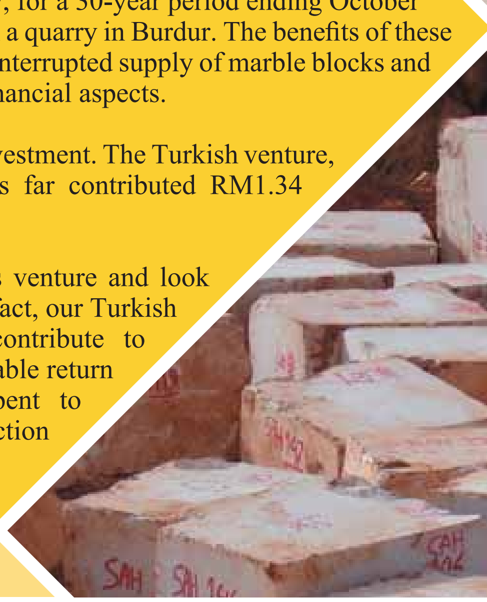
We have worked our way to becoming one of the top 10 marble and granite manufacturers in China. Today, the bulk of Gefung's revenue and profits come from our operations in China, contributing 66% of the total, with the remainder coming from jobs in Malaysia and Turkey.

I am proud to announce that Gefung's order book currently stands at RM47.8 million. The secret to our success was differentiation, in particular the fact that we import branded marble from Turkey, Indonesia and Iran. This sets us apart and provides us with a substantial competitive advantage over other China-based manufacturers.

Last year, Gefung made important progress with regards to maintaining this key competency. On July 19 2007, we completed the acquisition of Turkey-based Montana MadencİlİK Mermer Sanayi Insaat Ve Ticaret Limited Şirketi (MTN) for US$4.5 million (RM15.75 million).

MTN has been granted extraction rights to a quarry in Isparta, Turkey, for a 30-year period ending October 2036 as well as the exclusive rights to purchase marble blocks from a quarry in Burdur. The benefits of these acquisitions are twofold; first, they allow Gefung to enjoy an uninterrupted supply of marble blocks and second, maintaining tight control over their quality and all financial aspects.

Gefung has already seen substantial returns from this investment. The Turkish venture, last year's major corporate development, has thus far contributed RM1.34 million in revenue.



We are excited about the prospects of this venture and look forward to many great things from it. In fact, our Turkish acquisition is expected to positively contribute to Gefung's bottomline this year, a viable return on the capital expenditure spent to expand the operation's production capacity.

Last year also saw Gefung making substantial inroads into lucrative new markets. We would like to welcome on board the Saudi Economic and Development Co. Ltd. (SEDCO), which acquired a 22% stake in Gefung via its affiliated company PacificQuest.

We are delighted to be involved in a strategic joint venture with SEDCO, which is vastly experienced in property management. Their portfolio includes over 300 properties from all over the globe, and Gefung can only stand to benefit from that experience.

The cherry on top is the fact that this alliance places Gefung in a prime position to get in on the ground floor of markets in the Middle East and North Africa. Developing markets in these regions will stand Gefung in good stead for years to come, as well as potentially opening up new markets in the burgeoning Sub-Indian and Central Asian nations.

We have also established future targets for positive earnings growth in the near to medium term, such as the sale of marble blocks from Turkish quarries, wholesale income from marble and granite slabs, as well as project and retail income that comprises cut-to-size dimension stones and installation. Gefung is also seriously contemplating implementing a dividend policy from the 2008 financial year onwards.

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of Gefung
007.

With further demand for quality imported marble and granite materials anticipated from China, Gefung is looking into expanding its sales and marketing network in China as well as expanding the capacity of its Shanghai plant. These are exciting times to have a foothold in both China and the Middle East, and we aim to ride the crest of the wave of opportunity that is currently passing through both those regions.

Taking a wider view, Gefung's aspirations are being built on an extremely secure foundation, as the growth rate for the international stone industry is expected to continue on its upward trend. In fact, overall stone production has increased by 7.2% annually since the early 1990s, while overall trade has leaped 8.9%. With global demand for stone materials expecting to exceed 4.7 billion square metres of stone applications a year by 2025, it's little wonder we feel that our position is rock-solid!

On behalf of the Board, I wish to express my gratitude to our loyal stakeholders and shareholders, customers, business associates and vendors, and financiers, for their continued confidence and support of the Company. My heartfelt appreciation goes to my fellow directors for their expert foresight and counsel.

Our achievements would not have been possible without the hard work and commitment of our management and employees to whom we are most grateful. In a challenging industry, our investors can always be confident of the dedicated team of people we have assembled to run this business.

I would also like to take this opportunity to thank Mr Andy Kwang Jaw Tjoan who has resigned from the Board as Executive Director, for his contribution to the Company during his term of office. I would also like to welcome on board Mr Wong Heang Fine, who was appointed as Deputy Chairman, Mr Khayat, Yousuf Mohamedyaqub Y as Non-Executive Director and Mr Chan Ying Wei as Executive Director of the Company.

I see exciting times ahead for Gefung in 2008, as we seek to go from strength to strength. We are present in exotic locales, but we always strive to maintain our Malaysian identity, as well as our reputation for quality and reliability.

Datuk Azizan bin Abd Rahman
Chairman

SEO AIK LEONG
Managing Director

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ending 31 December 2007, Gefung Holdings Berhad recorded a revenue of RM61.2 million and a net profit of RM14.7 million.

The substantial increase in revenue and net profit during this financial period was largely due to higher revenue generated from Gefung's Malaysian operations, as well as the absence of the one-off costs associated with the reverse takeover exercise that saw the company listed on Bursa Malaysia last year.

Our net profit represents a strong rebound from last year's net loss. Earnings per share for 2007 was 9.53 sen compared to a loss the preceding year whilst Net Assets per share increased to 94 sen compared to 84 sen in the previous year. I am also pleased to announce that Gefung's net gearing of 0.16x is far below the industry norm, and stands as testament to the company's firm financial footing.

REVIEW OF OPERATIONS

In the 2007 financial year, Gefung's operations in China contributed over 66% and 59% to the group's revenue and profits respectively. This last year has seen Gefung firmly establish itself as one of the top marble and granite players in China, as well as take positive steps to cement that position.

On July 19 2007, Gefung completed the acquisition of Turkey-based Montana Madencİlİk Mermer Sanayi Insaat Ve Ticaret Limited Şirketi (MTN) for US$4.5 million (RM15.75 million). The acquisition will allow Gefung to ensure a consistent supply of marble blocks while controlling their pricing and quality.

To top it off, purchasing MTN affords Gefung exclusive access to this specific type of marble in the global market. It also establishes a template and firm foundation upon which Gefung can strategise for the future acquisition of other quarry licences, and serves as a vehicle to build a diverse portfolio of marble varieties. Gefung will invest additional capital to increase the capacity of its Turkish quarry operations.

Also of note is the emergence of the Saudi Economic and Development Co. Ltd. (SEDCO), a Shari'ah private wealth management company which emerged as the Gefung's second largest shareholder after acquiring a 22% stake via its affiliated company PacificQuest.

SEDCO's alliance with Gefung has taken the form of a strategic joint venture partnership with the specific intentions to tap the Middle Eastern, North African, Sub-Indian and Central Asian markets.

"... net profit represents a strong rebound from last year's net loss"

This joint venture company is based in the Middle East with an initial paid-up capital of US$14.0mil. It is 50.01% owned by Gefung, with the

remainder owned by SEDCO, and it will take over the Turkish quarry operations by acquiring the entire equity interest of MTN from Gefung.

Gefung will bring its 13 years of experience to bear in the joint venture company as well as supporting its development of new markets from a marketing and wholesale perspective, while SEDCO will use its experience in the region to advise on the company's setup. This includes governance, tax planning and cost efficiencies as well as the recruitment of key personnel and leveraging on SEDCO's regional network to establish key working relationships.

Looking back, 2007 proved to be an eventful year for Gefung. Besides the operations mentioned above, Gefung also completed the construction of the Keppelland Shanghai Xujing Villa and Bao Tao Shangri-La in China. In Malaysia, Gefung put the finishing touches on the One World Hotel in One Utama, the construction of the Sea Wall in Pulau Tioman, as well as the extension of the Institut Jantung Negara.

LOOKING FORWARD

Gefung is cautiously optimistic of the 2008 financial year in view of the positive developments in store for the Group. First off, Gefung has received approvals from the relevant regulatory authorities, including the Securities Commission, Bursa Malaysia Securities Berhad and the Ministry of International Trade and Industry for the proposed private placement of up to 15.48 million new ordinary Gefung shares to investors, and Gefung expects to undertake the private placement in the latter half of 2008.

Gefung continues to expand its current operations in China, which currently supplies to cities such as Shanghai, Harbin, Ningpo and Nanjing. Gefung plans to further expand its sales and marketing network to other developing urban cities within China.

Gefung anticipates further demand for quality imported marble and granite materials in China ahead of the Shanghai World Expo in 2010. In anticipation of the increase in its order book, the company will increase the capacity and efficiency of its Shanghai plant, this year, whilst the marble and granite production capacity in Malaysia has already been increased with the investment of additional equipment last year.

Gefung will commence the set up of a marble processing plant in Turkey by end of the current financial year. Such a plant would be viable thanks to the regional networking established via the company's collaboration with SEDCO, and would put Gefung in a strategic position to supply marble to the numerous luxury and large-scale projects that are slated to be built in the Middle East over the next five years.

Our future targets for positive earnings growth in the near to medium term are the sale of marble blocks from Turkish quarries, wholesale income from marble and granite slabs, as well as project and retail income that comprises cut-to-size dimension stones and installation.

With a presence in the burgeoning Middle Eastern and Chinese markets and diversification into upstream areas as well as retail, these are exciting times for Gefung. We will strive to use our improved performance in 2007 as a firm foundation for Gefung's future growth.

Seo Aik Leong
Managing Director

Here at Gefung Holdings Berhad (Gefung), we take our corporate responsibilities seriously. Though our operations take us far abroad, we take great pains to ensure that developments closer to home also remain close to our hearts.

One of our most important decisions to date has been to provide support to Persatuan Kebajikan Rumah Grace (Grace Home for the Destitute). The Grace Home provides a valuable social service, namely the provision of food, shelter, clothing, love and medical aid for the homeless and the discarded.

In particular, the Grace Home provides a refuge for over 40 people from all walks of life, including the physically handicapped, mentally ill, stranded and abused widows for whom it represents the last avenue of hope. Instead of retreating into seclusion and despair, the activities offered at the home assist its residents to lead useful and meaningful lives. Residents receive support enough to regain their self-esteem and restore grace, dignity and comfort to their lives.

We, at Gefung, firmly support this initiative, as it is our belief that the less fortunate should be given love and care as well as ample help to get back on their feet. As such, we chose to show our support by donating a supply of certain items to the Grace Home. This donation included medical supplies, dietary supplements, foodstuffs and sundries, all of which we felt could be put to good use at the home.

To our delight, we received a letter of appreciation from K. H. Tan, the Grace Home's Vice Chairman, which expressed heartfelt gratitude for our kindness and thoughtfulness. We were moved by this response, for institutions like the Grace Home are dependent on such donations for their continued existence.

The fact of the matter is that we know we can do more. As such, Gefung is constantly on the lookout for other causes that are in line with our corporate beliefs to which we will lend our support. We know that sometimes even the smallest of kindnesses can make all the difference in the world, and we strive to provide as much of that kindness as possible.

The Board of Directors (Board) is committed to good corporate governance and ensures it is practiced as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group. Thus, the Board is committed to implementing the Malaysian Code on Corporate Governance (Code) wherever applicable in the best interest of the shareholders of the Group.

In this Statement, the Board has considered the manner in which the principles of the Code have been applied, the extent of compliance with the Best Practices and the alternatives for departure from such best practices.

A. BOARD OF DIRECTORS

The Group is controlled and led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

In addition, the Board oversees the conduct of the Group businesses and established and maintained an adequate system of internal controls. Due to limitations inherent to any system of internal controls, the Board focused primarily on the mitigation of any foreseeable or potential risks facing the Group.

1. Composition and Balance

The Board consists of eight (8) Directors of which two (2) are Executive Directors and six (6) are Non-Executive Directors. The profiles of the Directors are set out on pages 4 to 7 of this Annual Report.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision-making at the Board level.

There is balance in the Board because of the presence of Independent Non-Executive Directors who have the caliber, skills and experience necessary to carry sufficient weight in Board decision. The roles of these Independent Non-Executive Directors will ensure that any strategies and business plans proposed by the Executive Directors and Executive Management are fully discussed and examined in the long-term interest of the shareholders, as well as the employees, customers, suppliers and many communities in which the Group conducts its businesses.

More than one third of the Board consists of Independent Directors and the investment of minority shareholders is fairly reflected through Board representation.

2. Board Responsibilities

The Board primarily assumes the following responsibilities:-

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Human resources planning and development including succession planning;
- Developing and implementing a public communications program for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board meets regularly to review the Group's corporate strategies, business operations and financial performance.

3. Meetings

The Board meets regularly on a quarterly basis and as and when required. There were seven (7) board meetings held during the financial year ended 31 December 2007 and the attendance record is as follows:-

Name	Meetings attended
Datuk Azizan bin Abd Rahman	7 out of 7
Seo Aik Leong	7 out of 7
Andy Kwang Jaw Tjoan (Resigned on 28 April 2008)	5 out of 7
Chan Ying Wei (Appointed on 28 April 2008) (Ceased as Alternate director to Andy Kwang Jaw Tjoan on 28 April 2008)	7 out of 7
Khayat, Yousuf Mohamedyaqub Y (Appointed on 15 November 2007)	1 out of 1
Wong Heang Fine (Appointed on 15 November 2007)	1 out of 1
Loi Heng Sewn	5 out of 7
Cheong Marn Seng	7 out of 7
Lee Chong Hoe	7 out of 7
Siw Seng Chiw @ Seo Seng Chew (Resigned on 15 November 2007)	5 out of 7

4. Appointment and Re-election of Directors

The proposed appointment of new Board members, resignation of existing members, as well as the proposed re-election of the Directors are approved by the Board upon the recommendation of the Nomination Committee.

In accordance with the Listing Requirements of Bursa Securities and the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by the shareholders at the Annual General Meeting subsequent to their appointment. The Articles of Association also provide that one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one third are subject to re-election by rotation at each Annual General Meeting provided always that all Directors including the Managing Director shall retire from office once in every three years but shall be eligible for re-election.

With the process on re-election of Directors, shareholders are ensured of a regular opportunity to reassess the composition of the Board.

5. Supply of Information

Each Board member receives regular reports, including a comprehensive review and analysis of the Group's performance. Prior to each Board meeting, the Directors are sent an agenda and a full set of board papers for each agenda item to be discussed at the meeting. This is issued with sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

The Directors have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that the Board procedures are followed. Directors are also empowered to seek the external independent professional advice as they may require, at the expense of the Group, to enable them to make well-informed decisions.

6. Directors' Remuneration

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract and retain Directors of the caliber needed to run the Group successfully. In general, the component parts of remuneration are structured so as to link rewards to performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and responsibilities undertaken by the particular Non-Executive concerned. Directors do not participate in decisions regarding their own remuneration packages and Directors fees must be approved by shareholders at the AGM.

The details of Directors' remuneration for the financial year ended 31 December 2007 are as follows:

	Group	
Remuneration Component	**Executive Directors**	**Non-Executive Directors**
	RM'000	RM'000
Directors' fees	-	134
Salaries, bonus and other emoluments	1,041	-
EPF and Socso	71	-
Benefits-in-kind	123	-

The numbers of Directors whose remuneration fall within the respective bands for the financial year ended 31 December 2007 are as follows:

	Group	
Range of Remuneration	**Executive Directors**	**Non-Executive Directors**
RM50,000 and below	-	3
RM50,001 to RM100,000	-	1
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM750,001 to RM800,000	1	-

7. Board Committee

In order to ensure the effective discharge of its fiduciary duties, the Board has established Board Committees to assist the Board in the running of the Group. This is to allow the members of the Board Committees to deliberate and examine issues within their terms of reference in greater detail and subsequently recommend and report to the Board. The functions and terms of reference of the Committees, as well as the authority delegated by the Board to these Committees, have been clearly defined and approved by the Board. All Board Committees do not have executive powers but only the power to make recommendations to the Board.

The Board Sub-Committees for the financial period under review are as follows:-

Committee	**Key Functions**
Audit Committee	As set out on page 18 to 22
Nomination Committee	As set out on page 23 to 24
Remuneration Committee	As set out on page 25 to 26

8. Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad (Bursa Securities). The Directors will continue to attend all the appropriate Continuing Education Programme to ensure compliance with requirements of Bursa Securities.

In addition, the Directors will be encouraged to attend other relevant training programmes, courses and seminars relevant in enhancing the Directors in discharging their duties.

B. SHAREHOLDERS

1. Relations with Shareholders and Investors

The Board value dialogue with its shareholders and investors through maintenance of an open communication policy with investors and shareholders alike. In ensuring effective communication, the various means and forums such as press releases, public announcements on quarterly basis, annual report, disclosures to the Bursa Securities and other Group activities are made. Meetings with institutional investors, fund managers and analysts from time to time provide an additional avenue for the Board and Management to convey information about Group performance, strategy and other major developments.

At each Annual General Meeting and Extraordinary General Meeting, Executive Directors and, where appropriate, the Chairman are available to respond to shareholders' questions during the meetings.

In addition to published Annual Report and Quarterly Reports announced to Bursa Securities, the Group has established a website at http://www.gefung.com.my from which shareholders can assess for information.

2. Annual General Meeting

The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

C. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board aims to present a balanced, insightful and timely assessment of the Group's financial position, performance and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval.

2. Statement of Directors' Responsibility for Preparing the Financial Statements

As required by the Companies Act, 1965, the Directors are responsible for the preparation of financial statements in accordance with applicable approved accounting standards and to give a true and fair view of the state of affairs of the Group and Company at the end of each financial year and of the results and cash flows of the Group and 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 prudent and reasonable;
- ensured that applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Act and applicable approved accounting standards.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets for the Group and Company and to prevent and detect fraud as well as other irregularities.

3. Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee.

Further details of the Group's system of internal controls are set out in the Statement on Internal Control section of this Annual Report.

4. Relationship with the Auditors

The Board maintains, via the Audit Committee, a transparent and professional relationship with its Auditors.

The role of the Audit Committee in relation to both the external auditors is described in the Audit Committee Report of this Annual Report.

STATEMENT ON THE EXTENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

In the opinion of the Board, the Company is in compliance with the Best Practices in Corporate Governance set out in the Malaysian Code on Corporate Governance. The Board will continue to promote and improve excellence in corporate conduct within the Company and the Group.

This Corporate Governance Statement was approved by the Board of Directors on 17 April 2008.

AUDIT COMMITTEE REPORT

The Audit Committee of Gefung Holdings Berhad is pleased to present the following report for the financial year ended 31 December 2007.

The objective of the Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee currently consists of three (3) members, all of whom are Independent Non-Executive Directors. A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2007 and the details of attendance are as follows:

Director	Position	Attendance
Datuk Azizan bin Abd Rahman	Chairman of Audit Committee & Independent Non-Executive Director	5 / 5
Cheong Marn Seng	Independent Non-Executive Director	5 / 5
Loi Heng Sewn	Independent Non-Executive Director	4 / 5
Seo Aik Leong (Resign on 20 February 2008)	Managing Director	5 / 5

TERMS OF REFERENCE

Constitution

The Board of Directors has established a Committee of the Board to be known as the Audit Committee (hereinafter referred to as “Committee”). The Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations.

Membership

1. The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent.

2. At least one member of the Committee:-
   (i) must be a member of the Malaysian Institute of Accountants; or
   (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and:-

- he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(iii) fulfils such other requirements as prescribed or approved by the Exchange.

3. No Alternate Director shall be appointed as a member of the Committee.

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

5. The Company Secretary or such other persons authorised by the Board of Directors shall act as the Secretary to the Committee.

6. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

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

Meetings and Minutes

8. The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Committee Chairman's discretion.

9. The quorum for a meeting of the Committee shall consist of not less than two (2) members, majority of whom must be Independent Directors.

10. Other than in circumstances which the Chairman of the Committee considers inappropriate, the Head of Finance, Financial Controller, the Head of Internal Audit and representatives of the external auditors will normally attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.

11. At least once in a financial year, the Committee shall meet with the external auditors without the Executive Directors being present.

12. The Committee shall report to the Board and its minutes tabled and noted by the Board of Directors. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection of any member of the Committee and the Board of Directors.

Authority

13. The Committee is authorised by the Board to investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.

14. The Committee is authorised by the Board to obtain outside legal or external independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

15. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

16. The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention of the Committee.

17. The Internal Auditors report directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by management regarding the appointment, transfer and removal of senior staff members of the Internal Audit of the Group shall require prior approval of the Committee. The Committee is also authorised by the Board to obtain information on any resignation of internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

Functions and Duties

18. The Committee shall, amongst others, discharge the following functions:-

    18.1 Review the following and report the same to the Board of Directors of the Company:-

    (a) with the external auditors, the audit plan, the nature and scope of work and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities;

    (b) with the external auditors, their evaluation of the quality and effectiveness of entire accounting system, the adequacy and integrity of the internal control system and the efficiency of the Group's operations;

    (c) with the external auditors, their audit report;

    (d) the assistance given by employees of the Group to the external and internal auditors;

    (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work including inter-alia the appointment of internal auditors;

    (f) the internal audit programme, processes and results of the internal audit programme, processes, major findings of internal investigation and management's response and whether or not appropriate action is taken on the recommendations of the internal audit function;

(g) review any appraisal or assessment of the performance of members of the internal audit function;

(h) the quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:-
(i) changes in or implementation of major accounting policies and practices;
(ii) significant and unusual events;
(iii) significant adjustments arising from the audit;
(iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
(v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;

(i) any related party transactions and conflict of interest situations that may arise within the Company or Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(j) any letter of resignation from the external auditors of the Company;

(k) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

(l) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

18.2 Recommend the nomination of a person or persons as external auditors and the external audit fee.

18.3 Promptly report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Securities Berhad's Listing Requirements.

18.4 Carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

18.5 To ensure the internal audit function of the Company reports directly to the Committee.

SUMMARY OF ACTIVITIES

The Audit Committee has discharged its duties as set out in its Term of Reference for the financial year ended 31 December 2007. During the financial year, the Audit Committee had undertaken the following activities:-

(a) Reviewed the quarterly financial results for the quarters ended 31 March 2007, 30 June 2007, 30 September 2007 and 31 December 2007 for submission to the Board of Directors and relevant authorities;

(b) Reviewed the audited financial statements for the financial year ended 31 December 2007 for submission to the Board of Directors and relevant authorities;

(c) Reviewed and discussed with external auditors on their audit plan, the nature and scope of work, the auditors' report and management letters in relation to the audit and accounting issues arising from the audit, as well as new developments on accounting standards and regulatory requirement;

(d) Reviewed the audit activities carried out by the Internal Auditor and the audit reports to ensure corrective actions taken to improve the system of internal control and procedures;

(e) Reviewed and discussed the re-appointment of external auditors and the audit fees; and

(f) Reviewed the draft Statement on Internal Controls for inclusion in the 2007Annual Report;

INTERNAL AUDIT FUNCTION

The Board has outsourced its Internal Audit Function to an independent professional firm. The Internal Auditors is to provide independent and objective reports to the Audit Committee, which assists the Audit Committee in discharging its duties and responsibilities.

Overall, the Internal Auditors' role is to assist the Board in accomplishing the Group's business objectives by establishing and maintaining a systematic and disciplined approach to evaluate and improve the effectiveness of risk management framework and internal control systems and procedures.

In line with the Terms of Reference of the Audit Committee, the Internal Auditors report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.

The summary of activities of the Internal Auditors for the year under review is as follows:

(a) audit review on the stock management function of the subsidiary of the Group namely Shanghai Ge Fung Marble & Granite Co. Ltd. and Syarikat Bukit Granite Sdn. Bhd.;

(b) audit review on the stock management function of the subsidiary of the Group namely Syarikat Bukit Granite Sdn. Bhd.; and

(c) assisted the Management to review and improve the credit evaluation and debts collection procedures for the operation of Malaysia.

The internal audit reports were issued and presented to the Audit Committee quarterly and tabled in the Audit Committee meetings. The report also issued to the respective operations management, incorporating audit recommendations and management responses with regards to any audit findings on the weaknesses in the system and controls of the operation.

The Nomination Committee of Gefung Holdings Berhad is pleased to present the following report for the financial year ended 31 December 2007.

COMPOSITION OF NOMINATION COMMITTEE

The Nomination Committee was established on 26 February 2007 and consists of three (3) members, all of whom are Independent Non-Executive Directors.

The members of the Nomination Committee comprise:

Director	Position
Datuk Azizan bin Abd Rahman	Chairman of Nomination Committee & Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Lee Chong Hoe	Independent Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee.

Membership

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent. A quorum shall be two (2) members.

- The members of the Committee shall elect a Chairman from among their members.

- If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

Functions

The functions of the Committee shall be:-

1. Proposing new nominees for appointment to the Board of Directors.

2. Assessing Directors on an on-going basis, the effectiveness of the Board and the contribution of each individual Director.

3. Recommend to the Board, Directors to fill the seats on other Board Committees.

4. Review annually the mix of skills and experience and other qualities of the Board members.

5. Orientating and educating new Directors as to the nature of the business, current issues within the Company and the corporate strategies, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

6. Review and recommend to the Board the proposed appointment of Senior Management to the Company.

Re-election of Directors & Retirement of Directors by Rotation

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

It is proposed that the above should also come under the purview of the Nomination Committee.

Reporting Procedures

- The actual decision as to who shall be appointed to the Board and Senior Management should be the responsibility of the full Board after considering the recommendations of the Committee.
- Reporting to the full Board from time to time its recommendations for consideration and implementation.

ACTIVITIES OF THE NOMINATION COMMITTEE

The Committee met on 25 April 2007 after the close of the financial year ended 31 December 2006 to assess the effectiveness and performance of the Board as a whole.

During the meeting, the Committee determined which Directors would stand for re-election at the Company's forthcoming Annual General Meeting.

The Committee met on 15 November 2007 and reviewed and recommended the appointments of Mr Khayat, Yousuf Mohamedyaqub Y and Mr Wong Heang Fine as Non Independent and Non-Executive Directors of the Company.

The Committee met on 17 April 2008 after the close of the financial year ended 31 December 2007 to assess the effectiveness and performance of the Board as a whole and also to determine which directors would stand for re-election at the Company's forthcoming Annual General Meeting.

The Remuneration Committee of Gefung Holdings Berhad is pleased to present the following report for the financial year ended 31 December 2007.

COMPOSITION OF REMUNERATION COMMITTEE

The Remuneration Committee was established on 26 February 2007 and consists of three (3) members, mainly Non-Executive Directors.

The Committee met on 25 April 2007 after the close of the financial year ended 31 December 2006. All members of the Committee were present at this meeting.

The members of the Remuneration Committee comprises:

Director	Position
Datuk Azizan bin Abd Rahman	Chairman of Remuneration Committee & Independent Non-Executive Director
Seo Aik Leong	Managing Director
Lee Chong Hoe	Independent Non-Executive Director

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

Constitution

The Board has established a Committee of the Board to be known as the Remuneration Committee.

Membership

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist mainly of Non-Executive Directors. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Objective

Remuneration of Directors and Senior Management should be determined so as to ensure that the Company attracts and retains the Directors and Senior Management needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors and Senior Management .

Functions

The functions of the Committee shall be:-

1. Recommend to the Board the framework of executive remuneration and its cost, and the remuneration package for each Executive Director and Senior Management, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

2. To reimburse reasonable expenses incurred by the Directors and Senior Management in the course of their duties.

3. To review and determine the bonus scheme for the Executive Directors and Senior Management depending on various performance measurements of the Group.

4. To review and determine the other benefits in kind for the Executive Directors and Senior Management.

5. To review the Executive Directors' service contracts.

Reporting Procedures

- The remuneration of Directors and Senior Management shall be ultimate responsibility of the full Board after considering the recommendations of the Committee.

- Directors do not participate in decisions on their own remuneration packages.

ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee met on 25 April 2007 after the close of the financial year ended 31 December 2006 to review the remuneration packages of Executive Directors of the Company as well as Directors' fees for financial year 2007.

The Committee met on 17 February 2008 to review and recommend to the Board the remuneration packages of the Executive Directors as well as Directors' fees for the financial year ending 31 December 2008.

DIRECTORS' RESPONSIBILITIES

The Board of Directors is ultimately responsible for the Group's system of internal control and for reviewing the effectiveness of the internal control system during the year pursuant to paragraph 15.27 (b) of the Bursa Securities Listing Requirements. Internal control system is primarily designed to cater for the business needs and manage the potential business risks of the Group.

The Board has overall responsibility for the Group's system of internal control, which aims to:

- safeguard shareholders' investments and the Group's assets;
- ensure that proper accounting records are maintained; and
- ensure that the financial information provided within the business and for publication is reliable.

In view of the limitations that are inherent in any systems of internal control, such systems are designed to mitigate rather than eliminate the likelihood of fraud and error. Accordingly, these systems can provide only reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance also recognizes that the cost of control procedures should not exceed the expected benefits.

In seeking to achieve the objectives of the internal control systems, the following key elements have been considered:-

(a) Internal Control Environment

Within the Group, there are organisational structures in place for each operating unit with clearly defined levels of authority. Management of each operating unit has clear responsibility for identifying risk affecting their unit and the overall Group's business as a whole. They are also charged with instituting adequate procedures and internal controls to mitigate and monitor such risks on an ongoing basis.

(b) Audit Committee

An Audit Committee, comprising a majority of Independent Non-Executive Directors was maintained throughout the financial year. The composition of the Audit Committee brings a wide range of deep experience, knowledge and expertise. They continue to meet, have full and unimpeded access to both the internal and external auditors during the financial year.

(c) Risk Management

The Board together with the assistance of a professional firm will undertake to review the existing risk management process in place within the various business operations, with the aim of formalizing the risk management functions across the Group.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

(d) Strategic Business Planning, Budgeting and Reporting

The integrated business plans and budgeting processes driven by commercial objectives are vetted and approved by Senior Management and cascaded throughout the organisation to ensure effective execution and implementation. Periodic reviews are performed on achievement of business objectives/targets and financial performance.

Structured review of all material capital and investment acquisitions are performed by Management prior to approval by the Board.

(e) Core Value and Code of Business Ethics

The Group's culture is set around core values of uncompromising integrity, respect and care with focus on providing total commitment to customers.

All employees are required to practice a proper of code of business ethics which outlines the minimum standard of behaviour and ethical conduct expected of employees in business matters.

THE BOARD'S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to support its business objectives. To this end, the Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

THE BOARD'S CONCLUSION

For the year under review, after due and careful assessment and based on the information and assurance provided, the Board is satisfied that there were no material losses, contingencies or uncertainties as a result of weakness in the system of internal control. The risks are considered to be at an acceptable level within the context of the Group's business environment.

Nevertheless, the Board and Management will continue to take proactive measures to strengthen the control environment and the internal control system of the Group.

This Statement on Internal Control was approved by the Board of Directors on 17 April 2008.

Non-Audit Fees

There were no non-audit fees payable to the External Auditors by the Group for the financial year ended 31 December 2007.

Utilisation of Listing Placement Proceeds

The status of the utilisation of the proceeds raised from the Placement Issue of RM 5 million in 2006 which has been fully utilised in 2007 is as follows:-

Purpose	Proposed Utilisation	Actual Utilisation
	RM'000	RM'000
Listing expenses	2,000	1,800
Working capital	3,000	3,200
	5,000	5,000

Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

The Company had on 27 September 2007 announced that it proposed to implement a private placement of up to 15,480,000 new ordinary shares of RM1.00 each in Gefung Holdings Berhad ("Gefung"), representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified later. The Company had on 29 October 2007 announced that the Securities Commission and the Foreign Investment Committee had approved the Proposed Private Placement subject to certain conditions and subsequently the Company had on 20 November 2007 announced that the Ministry of International Trade and Industry had approved the Proposed Private Placement subject to certain conditions.

On behalf of the Board of Directors of the Company, OSK Investment Bank Berhad had on 28 March 2008 submitted an application to the Securities Commission to seek for an extension of six (6) months up to 26 October 2008 to complete the Proposed Private Placement. The application for the extension of time has been approved by the Securities Commission.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review.

Share Buy-Back

The Company does not have a share buy-back programme in place.

Sanctions And / Or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by the relevant regulatory bodies as at the end of financial year.

Variation of Results

There were no profit estimates, forecasts or projections or unaudited financial results released which differed by 10% or more from the audited results.

Profit Guarantee

The Company had entered into a profit guarantee agreement with the vendors of Syarikat Bukit Granite Sdn. Bhd. (SBG) and Shanghai Ge Fung Marble & Granite Co. Ltd. (SGMG) whereby the vendors had guaranteed that the amalgamated Pre tax Profit for SBG and SGMG shall not be less than the following amount for each financial year below:

	Profit Guarantee (RM'000)	Actual (RM'000)	Variance (RM'000)
2007	28,084	21,310	6,774
2008	28,330	N/A	N/A

The shortfall of profits guaranteed had been recorded as a refund in the cost of investment of the Company. The goodwill of the Group had decreased accordingly due to the decrease in cost of investment.

Revaluation Policy

The Company and/or its subsidiaries did not revalue any of its property, plant and equipment during the financial year.

Material Contract

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 December 2007.

Recurrent Related Party Transactions ("RRPT") of a Trading or Revenue Nature

The Group did not have material RRPT of a trading or revenue nature during the financial year ended 31 December 2007.

Board of Directors' Responsibility for preparing the Annual Audited Accounts

The directors are responsible for preparing the annual audited financial statements which give a true and fair view of the state of affairs of the Company and the Group and have ensure that the financial statements and other financial reports of Company and the Group are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

FINANCIAL REPORT
for the financial year ended 31 December 2007

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group	The Company
	RM'000	RM'000
Profit/(Loss) after taxation and attributable to equity holders of the Company	14,748	(2,287)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts .

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the other income of RM5,474,000 arising from the waiver of debts by a director as disclosed in Note 31 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Datuk Azizan bin Abd Rahman
Seo Aik Leong
Andy Kwang Jaw Tjoan
Loi Heng Sewn
Cheong Marn Seng
Lee Chong Hoe
Chan Ying Wei (Alternate Director to Andy Kwang Jaw Tjoan)
Khayat, Yousuf Mohamedyaqub Y (Appointed on 15.11.2007)
Wong Heang Fine (Appointed on 15.11.2007)
Siw Seng Chiw @ Seo Seng Chew (Resigned on 15.11.2007)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares of RM1 each			
	At 1.1.2007 '000	Bought '000	Sold '000	At 31.12.2007 '000
The Company				
Direct Interests				
Datuk Azizan Bin Abd Rahman	3,000	-	(2,000)	1,000
Seo Aik Leong	110,679	161	(44,056)	66,784
Loi Heng Sewn	7,080	-	(7,080)	-
Cheong Marn Seng	9	-	-	9

By virtue of his substantial shareholding in the Company, Seo Aik Leong is deemed to have interests in shares in the Company and its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

The other directors holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for transactions with directors as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events during the financial year and subsequent to the balance sheet date are disclosed in Note 43 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 17 APRIL 2008

DATUK AZIZAN BIN ABD RAHMAN

SEO AIK LEONG

We, Datuk Azizan Bin Abd Rahman and Seo Aik Leong, being two of the directors of Gefung Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 38 to 87 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 17 APRIL 2008

DATUK AZIZAN BIN ABD RAHMAN **SEO AIK LEONG**

STATUTORY DECLARATION

I, Chan Ying Wei, being the director primarily responsible for the financial management of Gefung Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 87 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)
Chan Ying Wei)
at Kuala Lumpur in the Federal Territory)
on this 17 April 2008)

CHAN YING WEI

Before me,

DATIN HAJAH RAIHELA WANCHIK
No. W - 275

Commissioner for Oaths
Kuala Lumpur, Malaysia

REPORT OF THE AUDITORS

We have audited the financial statements set out on pages 38 to 87. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report. The financial statements of the Group and of the Company for the preceding year were audited by another firm of auditors whose report dated 25 April 2007 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-
   (i) the state of affairs of the Group and of the Company at 31 December 2007 and their results and cash flows for the financial year ended on that date; and
   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, as disclosed in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under Sub-section (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No : AF 1018
Chartered Accountants

Lee Kok Wai
Approval No : 2760/06/08 (J)
Partner

Kuala Lumpur
17 April 2008

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	117,893	124,667
Property, plant and equipment	7	13,416	11,222	533	233
Mining rights	8	19,838	-	-	-
Prepaid land lease payments	9	3,165	3,241	-	-
Investment property	10	804	-	804	-
Intangible assets	11	61,882	68,018	-	-
		99,105	82,481	119,230	124,900
CURRENT ASSETS					
Inventories	12	58,397	53,260	-	-
Amount owing by contract customers	13	-	387	-	-
Trade receivables	14	32,252	23,525	-	-
Other receivables, deposits and prepayments	15	9,411	6,513	109	1,461
Amount owing by subsidiaries	16	-	-	10,792	2,750
Fixed deposits with licensed banks	17	3,866	3,094	-	-
Cash and bank balances	18	2,296	1,469	81	17
		106,222	88,248	10,982	4,228
TOTAL ASSETS		205,327	170,729	130,212	129,128
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	154,800	154,800	154,800	154,800
Other reserves	20	347	(1,587)	-	-
Accumulated losses		(9,027)	(22,909)	(29,293)	(27,006)
TOTAL EQUITY		146,120	130,304	125,507	127,794
NON-CURRENT LIABILITIES					
Long-term borrowings	21	1,307	-	717	-
Deferred taxation	22	4,724	220	-	-
		6,031	220	717	-
CURRENT LIABILITIES					
Amount owing to contract customers	13	668	172	-	-
Trade payables	23	4,248	4,454	-	-
Other payables and accruals	24	16,953	9,403	582	1,334
Amount owing to directors	25	6,169	5,770	3,235	-
Provision for taxation		3,597	3,050	-	-
Short-term borrowings	26	20,144	17,356	171	-
Bank overdraft	29	1,397	-	-	-
		53,176	40,205	3,988	1,334
TOTAL LIABILITIES		59,207	40,425	4,705	1,334
TOTAL EQUITY AND LIABILITIES		205,327	170,729	130,212	129,128

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
REVENUE	30	61,159	20,415	-	-
COST OF SALES		(38,541)	(12,031)	-	-
GROSS PROFIT		22,618	8,384	-	-
OTHER INCOME		6,843	2,252	9	-
		29,461	10,636	9	-
SELLING AND MARKETING EXPENSES		(2,049)	(836)	-	-
ADMINISTRATIVE EXPENSES		(6,811)	(3,568)	(2,280)	(1,742)
OTHER EXPENSES		-	(23,800)	-	(23,800)
FINANCE COSTS		(1,579)	(369)	(16)	-
PROFIT/(LOSS) BEFORE TAXATION	31	19,022	(17,937)	(2,287)	(25,542)
INCOME TAX EXPENSES	32	(4,274)	(2,012)	-	-
PROFIT/(LOSS) AFTER TAXATION		14,748	(19,949)	(2,287)	(25,542)
PROFIT/(LOSS) ATTRIBUTABLE TO:- EQUITY HOLDERS OF THE COMPANY		14,748	(19,949)	(2,287)	(25,542)
EARNINGS/(LOSS) PER SHARE (SEN): - BASIC	33	9.53	(87.12)		

THE GROUP	SHARE CAPITAL RM'000	IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE RM'000	SHARE PREMIUM RM'000	OTHER RESERVES RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2006	-	-	-	-	(1,464)	(1,464)
Issuance of ordinary shares pursuant to:						
- acquisition of subsidiaries	63,000	-	-	-	-	63,000
- implementation of Jin Lin Wood Industries Berhad Restructuring Scheme	23,800	-	-	-	-	23,800
- private placement	5,000	-	-	-	-	5,000
Issue of ICPS	-	6,300	56,700	-	-	63,000
Conversion of ICPS	63,000	(6,300)	(56,700)	-	-	-
Foreign currency translation #	-	-	-	(3,083)	-	(3,083)
Transfer to reserve fund #	-	-	-	1,496	(1,496)	-
Loss for the financial year	-	-	-	-	(19,949)	(19,949)
Balance at 31.12.2006/ 1.1.2007	154,800	-	-	(1,587)	(22,909)	130,304
Foreign currency translation #	-	-	-	1,068	-	1,068
Transfer to reserve fund #	-	-	-	866	(866)	-
Profit for the financial year	-	-	-	-	14,748	14,748
Balance at 31.12.2007	154,800	-	-	347	(9,027)	146,120

THE COMPANY	SHARE CAPITAL RM'000	IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE RM'000	SHARE PREMIUM RM'000	OTHER RESERVES RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2006	-	-	-	-	(1,464)	(1,464)
Issuance of ordinary shares pursuant to:						
- acquisition of subsidiaries	63,000	-	-	-	-	63,000
- implementation of Jin Lin Wood Industries Berhad Restructuring Scheme	23,800	-	-	-	-	23,800
- private placement	5,000	-	-	-	-	5,000
Issue of ICPS	-	6,300	56,700	-	-	63,000
Conversion of ICPS	63,000	(6,300)	(56,700)	-	-	-
Loss for the financial year	-	-	-	-	(25,542)	(25,542)
Balance at 31.12.2006/ 1.1.2007	154,800	-	-	-	(27,006)	127,794
Loss for the financial year	-	-	-	-	(2,287)	(2,287)
Balance at 31.12.2007	154,800	-	-	-	(29,293)	125,507

\# - *represent gains/(losses) not taken to income statements.*

		THE GROUP		THE COMPANY	
	NOTE	2007 RM,000	2006 RM,000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		19,022	(17,937)	(2,287)	(25,542)
Adjustments for:-					
Allowance for doubtful debts		-	55	-	-
Amortisation of prepaid land lease payments		90	23	-	-
Plant and equipment written off		4	-	-	-
Depreciation of property, plant and equipment		1,477	386	60	6
Gain on disposal of plant and equipment		(23)	-	-	-
(Gain)/Loss on foreign exchange - unrealised		(431)	73	-	-
Interest expense		1,579	369	16	-
Interest income		(101)	(35)	(9)	-
Loss arising from implementation of Jin Lin Restructuring Scheme		-	23,800	-	23,800
Operating profit/(loss) before working capital changes		21,617	6,734	(2,220)	(1,736)
Increase in inventories		(5,137)	(2,639)	-	-
(Increase)/Decrease in trade and other receivables		(10,361)	4,947	1,352	(2,878)
Increase/(Decrease) in trade and other payables		7,688	(9,040)	(752)	(130)
CASH FROM/(FOR) OPERATIONS		13,807	2	(1,620)	(4,744)
Interest paid		(1,579)	(369)	(16)	-
Income tax paid		(3,747)	(66)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		8,481	(433)	(1,636)	(4,744)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		101	35	9	-
Net cash (outflow)/inflow from acquisition of subsidiaries	34	(15,612)	1,718	-	-
Purchase of property, plant and equipment	35	(1,594)	(261)	(55)	(239)
Purchase of investment property		(804)	-	(804)	-
Proceeds from disposal of plant and equipment		23	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(17,886)	1,492	(850)	(239)
BALANCE CARRIED FORWARD		(9,405)	1,059	(2,486)	(4,983)

		THE GROUP		THE COMPANY	
		2007	2006	2007	2006
	NOTE	RM,000	RM,000	RM'000	RM'000
BALANCE BROUGHT FORWARD		(9,405)	1,059	(2,486)	(4,983)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to subsidiaries		-	-	(8,042)	-
Advances from directors		7,175	-	10,009	-
Drawdown of term loans		7,912	-	640	-
Increase in bills payable		2,109	-	-	-
Repayment bankers' acceptances		-	-	-	-
Repayment of term loans		(7,245)	(537)	(25)	-
Repayment of hire purchase obligations		(713)	-	(32)	-
Proceeds from issuance of ordinary shares		-	5,000	-	5,000
NET CASH FROM FINANCING ACTIVITIES		9,238	4,463	2,550	5,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(167)	5,522	64	17
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		369	(959)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,563	*	17	*
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36	4,765	4,563	81	17

* Represents cash in hand of RM2

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1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domiciled of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.
Principal place of business	:	Suite E-10-06, Level 10, Block E, Plaza Mont'Kiara, No 2, Jalan Kiara, Mont'Kiara, 50480 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 April 2008.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales, purchases and cash and bank balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are disclosed in their respective notes to the financial statements.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

The foreign currency risk of the Group arises from subsidiaries operating in foreign countries, as well as local operations, which generate revenue and incur costs denominated in foreign currencies.

Foreign currency risk is monitored closely and managed to an acceptable level.

3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from bank borrowings and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

Surplus funds are placed with licensed banks at the most favourable interest rate to generate interest income.

(iii) Price Risk

The Group does not have any quoted investment and hence is not exposed to any price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

4. BASIS OF PREPARATION (cont'd)

During the current financial year, the Group and the Company have adopted the following new and revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB"):-

(a) FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Lease
FRS 124	Related Party Disclosures

The Group has adopted FRS 117 in the previous financial year.

(b) FRSs issued and effective for the financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119_{2004}	Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures.

The effects of adopting FRS 124 on the accounting policies are disclosed in Note 38 to the financial statements.

The adoption of FRS 6 and FRS119_{2004} does not have any material financial effects on the financial statements of the Group and of the Company.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group and the Company have applied this Framework for the financial year ended 31 December 2007 onwards.

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group and the Company's financial statements for the financial year ending 31 December 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

4. BASIS OF PREPARATION (cont'd)

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group and the Company will apply these FRSs from the financial year ending 31 December 2008 onwards.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This amendment aligns the MASB's FRSs with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group and the Company will apply this FRS from the financial year ending 31 December 2008 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates *Net Investment in a Foreign Operation* has been issued and is effective for financial periods beginning on or after 1 July 2007. This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group and the Company will apply this amendment from the financial year ending 31 December 2008 onwards.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 137_{2004} and an increase that reflects the passage of time. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

4. BASIS OF PREPARATION (cont'd)

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. This interpretation is not relevant to the Group and the Company's operations.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment
The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(iv) *Classification between Investment Properties and Owner-Occupied Properties*
The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(v) *Construction Contracts*
Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

- *Contract Revenue*
  Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

- *Contract Costs*
  Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the cost and the profitability of the contract on an individual basis at any particular time.

(vi) *Allowance for Doubtful Debts of Receivables*
The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vii) *Allowance for Inventories*
Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency
The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

(ii) Transactions and Balances
Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(iii) Foreign Operations
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency for consolidation purposes on the following basis:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for income statement are translated at the average exchange rates for the year; and
- all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2007.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Basis of Consolidation (cont'd)

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, Plant and Equipment (cont'd)

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	2% - 4.5%
Plant and machinery	9% - 10%
Motor vehicles	10% - 18%
Office and other equipment	10% - 18%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

(h) Mining Rights

Mining rights represent the consideration paid to obtain marble and granite blocks. Amortisation is provided on a unit-of-production basis so as to write off the cost in proportion to the depletion of the proved and probable mineral reserves. The reserves and the life of mine estimates are reviewed on an annual basis and amortisation rates are adjusted accordingly where necessary.

Where an indication of impairment exists, the carrying amount of the mining rights is assessed and written down immediately to its recoverable amount. The amortisation period and the amortisation method for the mining rights are reviewed at each balance sheet date.

(i) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets (cont'd)

In respect of assets other than goodwill and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(j) Prepaid Land Lease Payments

Lease of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the term of the leases ranging from 67 to 98 years.

(k) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(g) to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

(l) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income over the periods of the respective hire purchase agreements.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Inventories (cont'd)

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(n) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(o) Amounts Owing By/(To) Contract Customers

The amounts owing by/(to) contract customers is stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(p) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(q) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where the effect of the time value of money is material, the provision is stated at the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(r) Interest-bearing Borrowings

The interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Interest-bearing Borrowings (cont'd)

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(s) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.
Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(t) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Employee Benefits

(i) *Short-Term Benefits*
Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) *Defined Contribution Plans*
The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(v) Revenue Recognition

(i) *Construction Contracts*
Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

(ii) *Sale of Goods*
Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(iii) *Interest Income*
Interest income is recognised on an accrual basis, based on the effective yield on the investment.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(x) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions. Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2007 RM'000	**2006 RM'000**
Unquoted shares at cost:-		
In Malaysia	13,460	13,500
Outside Malaysia	111,207	112,500
	124,667	126,000
Less: Refund by Guarantors on profit guarantee shortfall (Note 44)	(6,774)	(1,333)
	117,893	124,667

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2007 %	Effective Equity Interest 2006 %	Principal Activities
Syarikat Bukit Granite Sdn. Bhd.	Malaysia	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs.
Shanghai Ge Fung Marble & Granite Co. Ltd.*	The People's Republic of China	100	100	Processing, trading and exporting high quality marble and granite slabs.
SBG Trading (Labuan) Ltd.	Malaysia	100	-	Dormant.
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi *	Republic of Turkey	100	-	Operating a marble quarry and trading of marble blocks.

* - Not audited by Messrs Horwath.

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.1.2007 RM'000	ADDITIONS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	TRANSLATION DIFFERENCES RM'000	AT 31.12.2007 RM'000
NET BOOK VALUE						
Buildings	6,484	362	-	(282)	24	6,588
Plant and machinery	3,446	895	-	(742)	20	3,619
Motor vehicles	676	1,205	(4)	(291)	-	1,586
Office and other equipment	616	1,166	-	(162)	3	1,623
	11,222	3,628	(4)	(1,477)	47	13,416

THE GROUP	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2007			
Buildings	8,482	(1,894)	6,588
Plant and machinery	14,666	(11,047)	3,619
Motor vehicles	3,205	(1,619)	1,586
Office and other equipment	2,540	(917)	1,623
	28,893	(15,477)	13,416
AT 31.12.2006			
Buildings	8,088	(1,604)	6,484
Plant and machinery	13,728	(10,282)	3,446
Motor vehicles	2,285	(1,609)	676
Office and other equipment	1,397	(781)	616
	25,498	(14,276)	11,222

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

	AT 1.1.2007 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2007 RM'000
THE COMPANY				
NET BOOK VALUE				
Motor vehicle	-	327	(32)	295
Office and other equipment	233	33	(28)	238
	233	360	(60)	533

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
THE COMPANY			
AT 31.12.2007			
Motor vehicle	327	(32)	295
Office and other equipment	272	(34)	238
	599	(66)	533
AT 31.12.2006			
Office and other equipment	239	(6)	233

Included in buildings of the Group is an asset being constructed on a leasehold land belonging to a third party with a net book value of RM336,000 (2006 - RM376,000).

The net book value of the property, plant and equipment of the Group at the balance sheet date pledged as security for bank borrowings were as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Buildings	6,234	6,484
Plant and machinery	56	154
Motor vehicles	309	398
Office and other equipment	117	120
	6,716	7,156

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

The net book value of the property, plant and equipment of the Group and of the Company at the balance sheet date acquired under hire purchase terms were as follow:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Plant and machinery	749	-	-	-
Motor vehicles	295	-	295	-
	1,044	-	295	-

8. MINING RIGHTS

	THE GROUP	
	2007 RM'000	2006 RM'000
At Cost:-		
Arising from the acquisition of subsidiaries	19,838	-

The mining rights were not amortised during the financial year as the Group has yet to commence the mining operations during the financial year.

9. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2007 RM'000	2006 RM'000
Cost	3,318	3,318
Accumulated amortisation	(113)	(23)
Foreign exchange translation differences	(40)	(54)
Net book value	3,165	3,241
Accumulated amortisation:-		
At 1.1.2007/2006	(23)	-
Amortisation for the financial year	(90)	(23)
At 31.12.2007/2006	(113)	(23)

The leasehold land have been pledged as security for banking facilities granted to the Group as disclosed in Note 26 and Note 28 to the financial statements.

10. INVESTMENT PROPERTY

	THE GROUP/THE COMPANY 2007 RM'000	2006 RM'000
At cost/fair value:-		
Freehold building	804	-

The investment property has been pledged as security for banking facilities granted to the Company as disclosed in Note 28 to the financial statements.

11. INTANGIBLE ASSETS

	THE GROUP 2007 RM'000	2006 RM'000
At 1.1.2007/2006	68,018	-
Goodwill arising from acquisition of subsidiaries	-	71,216
Foreign exchange translation differences	638	(1,865)
Refund by Guarantors on profit guarantee shortfall	(6,774)	(1,333)
At 31.12.2007/2006	61,882	68,018

(a) Allocation of Goodwill

Goodwill has been allocated to the Group's Cash Generating Unit ("CGU") identified according to the country of operation as follows:-

	THE GROUP 2007 RM'000	2006 RM'000
Malaysia	1,907	2,111
The People's Republic of China ("PRC")	59,975	65,907
At 31 December	61,882	68,018

11. INTANGIBLE ASSETS (CONT'D)

(b) Key Assumptions Used in Value-In-Use Calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are expected to be the same with the fifth year projection. The five-year cash flows are forecasted using the growth rates stated below. The key assumptions used for value-in-use calculations are:

At 31 December 2007	Growth Rate	Discount Rate
Malaysia	5%	9%
PRC	8%	9%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted Gross Margin

The basis used to determine the values assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements as well as cost savings from reduced material prices which are expected to arise as a result of efficiencies within the Group.

(ii) Growth Rate

The growth rates used for the Malaysian subsidiary is consistent with the current year's growth rate which are expected to be maintained due to the current developments made in the construction and property development industry in Malaysia.

The growth rates used for the subsidiary in the PRC is expected to be in line with the PRC construction industry's growth rate and based on the contracts in hand.

(iii) Discount Rate

The discount rate is pre-tax and reflects the specific risks in the relevant countries.

11. INTANGIBLE ASSETS (CONT'D)

(c) Sensitivity To Changes In Assumptions

With regard to the assessment of the value-in-use of the 2 CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

12. INVENTORIES

	THE GROUP	
	2007 RM'000	2006 RM'000
At Cost:-		
Raw materials	19,414	18,975
Work-in-progress	4,437	4,901
Finished goods	34,035	29,068
Consumables	511	316
	58,397	53,260

None of the inventories is carried at net realisable value.

13. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2007 RM'000	2006 RM'000
Contract cost	727	1,072
Attributable profit	-	145
	727	1,217
Progress billings	(1,395)	(1,002)
Amounts owing (to)/by contract customers	(668)	215

13. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS (CONT'D)

The amounts owing by/(to) contract customers comprise the following:-

	THE GROUP	
	2007 RM'000	2006 RM'000
The amounts owing by contract customers	-	387
The amounts owing to contract customers	(668)	(172)
Amounts owing (to)/by contract customers	(668)	215

14. TRADE RECEIVABLES

	THE GROUP	
	2007 RM'000	2006 RM'000
Trade receivables	32,323	23,596
Allowance for doubtful debts	(71)	(71)
	32,252	23,525

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
United States Dollar	668	334
Chinese Renminbi	22,997	17,599
New Turkish Lira	559	-

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2007 RM'000	THE GROUP 2006 RM'000	THE COMPANY 2007 RM'000	THE COMPANY 2006 RM'000
Other receivables	6,120	3,947	42	128
Deposits	1,574	537	24	-
Prepayment	1,717	696	43	-
Due from guarantors on profit guarantee shortfall	-	1,333	-	1,333
	9,411	6,513	109	1,461

The foreign currency exposure profile of the other receivables, deposits and prepayments is as follows:-

	THE GROUP 2007 RM'000	THE GROUP 2006 RM'000
United States Dollar	953	1,189
Chinese Renminbi	5,880	3,222
Euro	482	473
New Turkish Lira	1,414	-

16. AMOUNT OWING BY SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and receivable on demand.

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group have been pledged to banks as security for banking facilities granted to the Group.

The effective interest rate of the fixed deposits with licensed banks at the balance sheet date ranged from 3.20% to 3.75% (2006 - 3.20% to 3.75%) per annum. The fixed deposits have maturity periods of 1 year.

18. CASH AND BANK BALANCES

The foreign currency exposure profile of the cash and bank balances is as follows:-.

	THE GROUP	
	2007	**2006**
	RM'000	**RM'000**
United States Dollar	792	13
Chinese Renminbi	1,326	1,192
New Turkish Lira	4	-

19. SHARE CAPITAL AND IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

(a) Authorised Share Capital

	THE COMPANY			
	2007	**2006**	**2007**	**2006**
	NUMBER OF SHARES ('000)	**('000)**	**RM'000**	**RM'000**
Ordinary shares of RM1.00 each	490,000	490,000	490,000	490,000
ICPS of RM0.10 each	100,000	100,000	10,000	10,000
Total			500,000	500,000

19. SHARE CAPITAL AND IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONT'D)

(b) Issued And Paid-Up Share Capital

	THE COMPANY			
	2007	2006	2007	2006
	NUMBER OF SHARES ('000)	('000)	RM'000	RM'000
Ordinary share of RM1.00 each:-				
At 1.1.2007/2006	154,800	*	154,800	#
Issuance of shares pursuant to:				
- acquisition of subsidiaries	-	63,000	-	63,000
- implementation of Jin Lin Wood Industries Berhad Restructuring Scheme	-	23,800	-	23,800
- private placement	-	5,000	-	5,000
- conversion of ICPS	-	63,000	-	63,000
At 31.12.2007/2006	154,800	154,800	154,800	154,800
ICPS of RM0.10 each:-				
At 1.1.2007/2006	-	-	-	-
Issued during the financial year	-	63,000	-	6,300
Converted during the financial year	-	(63,000)	-	(6,300)
At 31.12.2007/2006	-	-	-	-
Total	154,800	154,800	154,800	154,800

* - 2 ordinary shares of RM1 each.
\# - RM2.

20. OTHER RESERVES

	THE GROUP	
	2007	**2006**
	RM'000	**RM'000**
Foreign currency translation reserve:-		
At 1.1.2007/2006	(3,083)	-
Arising during the financial year	1,068	(3,083)
At 31.12.2007/2006	(2,015)	(3,083)
Reserve Fund:-		
At 1.1.2007/2006	1,496	-
Arising during the financial year	866	1,496
At 31.12.2007/2006	2,362	1,496
Total	347	(1,587)

The nature and purpose of each category of reserve are as follows:

(a) Foreign Currency Translation Reserve

Exchange differences arising from translation of foreign controlled entities are taken to the translation reserve as described in the accounting policies. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary items are denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Reserve Fund

In accordance with the regulations applicable to a foreign investment enterprise in The People's Republic of China, Shanghai Ge Fung Marble & Granite Co. Ltd. ("SGMG"), a wholly-owned subsidiary of the Company is required to appropriate 10% of its profit to a reserve fund before any dividend declaration. Reserve fund can be used to offset accumulated losses and to increase capital upon approval of the relevant government authority.

21. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Hire purchase payables (Note 27)	806	-	216	-
Term loans (Note 28)	501	-	501	-
	1,307	-	717	-

22. DEFERRED TAXATION

	THE GROUP	
	2007 RM'000	2006 RM'000
At 1.1.2007/2006	220	-
Arising from acquisition of subsidiaries	4,524	234
Recognised in income statement (Note 32)	(20)	(14)
	4,724	220

The deferred taxation relates to temporary differences arising from accelerated capital allowances on qualifying capital expenditure.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

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

	THE GROUP	
	2007 RM'000	2006 RM'000
United States Dollar	154	666
Chinese Renminbi	1,998	2,932
New Turkish Lira	621	-

24. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group at the balance sheet date were the following:-

(i) RM10,767,000 (2006 - Nil) being balance of the purchase consideration payable to the vendor for the acquisition of a subsidiary as disclosed in Note 43(a) to the financial statements. The amount owing is unsecured, interest-free and repayable within 12 months;

(ii) an amount of RM1,092,000 (2006 - RM2,393,000) being provision for staff welfare in accordance with the regulations applicable to foreign investment enterprises in The People's Republic of China; and

(iii) an amount of RM230,000 (2006 - RM47,000) being amount owing to a director of a subsidiary.

The foreign currency exposure profile of the other payables and accruals is as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
United States Dollar	10,767	401
Chinese Renminbi	4,494	8,790
New Turkish Lira	127	-

25. AMOUNT OWING TO DIRECTORS

The amount owing is unsecured, interest-free and repayable on demand.

26. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trust receipts	9,193	5,845	-	-
Bankers' acceptances	3,051	4,290	-	-
Hire purchase payables (Note 27)	514	-	57	-
Term loans (Note 28)	7,386	7,221	114	-
	20,144	17,356	171	-

26. SHORT-TERM BORROWINGS (CONT'D)

The bankers' acceptances and trust receipts at the balance sheet date bore effective interest rates ranging from 5.65% to 8.50% (2006 - 5.85% to 8.50%) per annum and are secured as follows:-

(i) by a legal charge over certain long leasehold land and building of a subsidiary;

(ii) by a pledge of the fixed deposits with licensed banks as disclosed in Note 17 to the financial statements;

(iii) by a joint and several guarantee of all the directors of a subsidiary;

(iv) by fixed and floating debenture charge over all the assets of a subsidiary; and

(v) by a corporate guarantee of the Company.

27. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Minimum hire purchase payments:				
- not later than one year	597	-	69	-
- later than one year and not later than five years	860	-	234	-
	1,457	-	303	-
Less: Future finance charges	(137)	-	(30)	-
Present value of hire purchase payables	1,320	-	273	-
Current (Note 26):				
- not later than one year	514	-	57	-
Non-current (Note 21):				
- later than one year and not later than five years	806	-	216	-
	1,320	-	273	-

The hire purchase payables of the Group and of the Company at the balance sheet date bore effective interest rates ranging from 4.4% to 9.1% and 4.4% to 5.1% respectively (2006 - Nil) per annum.

28. TERM LOANS

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current portion (Note 26):				
- repayable within one year	7,386	7,221	114	-
Non-current portion (Note 21):				
- repayable between one to two years	237	-	237	-
- repayable between two to five years	264	-	264	-
	501	-	501	-
	7,887	7,221	615	-

Details of the repayment terms of the term loan of the Company are as follows:-

Term Loan	Number Of Quarterly Instalments	Quarterly Instalment RM	Date of Commencement Of Repayment	The Company Amount Outstanding 2007 RM'000	2006 RM'000
1	20	32,000	5 December 2007	615	-

The term loan of the Company at the balance sheet date bore an effective interest rate of 7.40% (2006 - Nil) per annum and is secured in the same manner as the short-term borrowings disclosed in Note 26 to the financial statements.

Included in the term loans of the Group at the balance sheet date was an amount of RM7,272,000 (2006 - RM7,221,000) granted to a foreign subsidiary. The amount is repayable in full upon the maturity period of 1 year (2006 - 1 year). The term loan bore an effective interest rate of 7.4% (2006 - 6.98%) per annum and is secured by the leasehold land and building of a foreign subsidiary.

The foreign currency exposure profile of the term loans is as follows:-

	The Group	
	2007 RM'000	2006 RM'000
Chinese Renminbi	7,272	7,221

29. BANK OVERDRAFT

The bank overdraft bore an effective interest rate of 8.25% (2006 - Nil) per annum at the balance sheet date and is secured in the same manner as the short-term borrowings disclosed in Note 26 to the financial statements.

30. REVENUE

	THE GROUP	
	2007 RM'000	2006 RM'000
Sale of marble slabs and blocks	51,597	16,931
Contract revenue	9,562	3,484
	61,159	20,415

31. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for doubtful debts	-	55	-	-
Amortisation of prepaid land lease payments	90	23	-	-
Audit fee	102	170	75	140
Contract costs	6,493	2,131	-	-
Depreciation of property, plant and equipment	1,477	386	60	6
Directors' fees	134	9	134	9
Directors non-fee emoluments	1,235	218	966	130
Interest expense:				
- bank overdraft	8	-	-	-
- bills payable	788	250	-	-
- hire purchase	48	-	8	-
- term loan	572	119	8	-
- other interests	163	-	-	-
Loss arising from implementation of Jin Lin Restructuring Scheme	-	23,800	-	23,800
Plant and equipment written off	4	-	-	-

31. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Rental of premises	346	50	69	31
Staff costs	4,149	1,744	160	130
Waiver of debts by a director	(5,474)	-	-	-
Waiver of debts by suppliers	-	(2,192)	-	-
Interest income	(101)	(35)	(9)	-
Gain on disposal of plant and equipment	(23)	-	-	-
(Gain)/Loss on foreign exchange:				
- realised	(120)	159	-	-
- unrealised	(431)	73	-	-

32. INCOME TAX EXPENSE

	THE GROUP	
	2007 RM'000	2006 RM'000
Current tax:-		
For the financial year:		
- Malaysian income tax	1,037	329
- Foreign tax	3,223	1,697
	4,260	2,026
Underprovision in the previous financial year:		
- Malaysian income tax	12	-
- Foreign tax	22	-
	34	-
	4,294	2,026
Deferred taxation (Note 22):		
- Relating to origination and reversal of temporary differences	(20)	(14)
	4,274	2,012

32. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006 - 28%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of the income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and the Company is as follows:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit/(Loss) before taxation	19,022	(17,937)	(2,287)	(25,542)
Tax at the statutory tax rate of 27% (2006 -28%)	5,136	(5,022)	(617)	(7,152)
Tax effects of:-				
Non-taxable gains	(1,532)	-	-	-
Non-deductible expenses	642	7,187	617	7,152
Underprovision of current tax in the previous financial year	34	-	-	-
Differential in tax rates in other jurisdiction income	(6)	(153)	-	-
Tax for the financial year	4,274	2,012	-	-

33. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is arrived at by dividing the Group's profit/(loss) attributable to shareholders of RM14,748,000 (2006 - (RM19,949,000)) by the number of ordinary shares in issue during the financial year of approximately 154,800,000 (2006 - weighted average of 22,897,000).

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares during the financial year.

34. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARIES

In the previous financial year, the Group acquired the entire issued and paid-up share capital of:-

(i) Syarikat Bukit Granite Sdn. Bhd., a company incorporated in Malaysia; and

(ii) Shanghai Ge Fung Marble & Granite Ltd., a company incorporated in The People's Republic of China.

During the current financial year, the Group completed the acquisition of Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana"), a company in corporated in the Republic of Turkey. Details of the acquisition are set out in Note 43(a) to the financial statements.

Montana is involved in the business of operating a marble quarry in the Republic of Turkey.

The financial results and contribution of Montana to the Group are as follows:-

	THE GROUP 2007 RM'000	2006 RM'000
(a) For the period from 19.7.2007/19.9.2006 (date of completion of acquisition) to 31.12.2007/2006:-		
Revenue	1,339	20,415
Profit attributable to shareholders	65	5,593
(b) If the acquisition had occurred on 1.1.2007/2006:-		
Revenue	1,339	57,576
Profit attributable to shareholders	67	15,320

34. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARIES (CONT'D)

The net assets acquired and cash flow arising from the acquisition of subsidiaries are as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Property, plant and equipment	-	11,552
Mining rights	19,838	-
Prepaid land lease payments	-	3,318
Inventories	-	50,621
Receivables	1,174	34,167
Cash and cash equivalents	4	1,718
Payables	(876)	(27,375)
Tax payables	-	(1,090)
Borrowings	-	(17,893)
Deferred taxation	(4,524)	(234)
Fair value of net assets acquired	15,616	54,784
Goodwill arising on consolidation	-	71,216
Purchase consideration	15,616	126,000
Purchase consideration satisfied by:		
- issuance of ordinary shares	-	(63,000)
- ICPS at fair value	-	(63,000)
Purchase consideration satisfied by cash	15,616	-
Less: Cash and cash equivalents of subsidiaries acquired	(4)	(1,718)
	15,612	(1,718)

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of property, plant and equipment	3,628	261	360	239
Amount finance through hire purchase	(2,034)	-	(305)	-
Cash disbursement for purchase of property, plant and equipment	1,594	261	55	239

36. CASH AND CASH EQUIVALENTS

For the purchase of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with licensed banks	3,866	3,094	-	-
Cash and bank balances	2,296	1,469	81	17
Bank overdrafts	(1,397)	-	-	-
	4,765	4,563	81	17

37. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the Directors of the Group and the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive directors' remuneration:				
- Salaries, bonus and other emoluments	1,041	186	845	101
- Defined contribution plan	71	14	71	11
- Estimated money value of benefits-in-kind	123	18	50	18
	1,235	218	966	130
Non-executive directors' remuneration:				
- Fees	134	9	134	9
Total directors' remuneration including benefits-in-kind	1,369	227	1,100	139

37. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company at the end of the financial year whose total remuneration during the financial year fell within the following bands is analysed below:

	THE COMPANY NUMBER OF DIRECTORS	
	2007	2006
EXECUTIVE DIRECTORS:		
RM50,000 and below	-	3
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	-
RM750,001 - RM800,000	1	-
NON-EXECUTIVE DIRECTORS:		
RM50,000 and below	3	3
RM50,001 - RM100,000	1	-
	7	7

The other directors holding office at the end of the financial year had not received any directors' remuneration from the Company during the financial year.

38. RELATED PARTY DISCLOSURE

For the purpose of these financial statements, parties are related to the Group where the Group and the party are subject to common control or common significant influence.

The Group has a related party relationship with its directors, key management and entities of which the directors and/or key management have significant financial interests.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

	THE GROUP			
	TRANSACTIONS VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER		BALANCES OUTSTANDING AS AT 31 DECEMBER	
NAMES OF RELATED PARTIES	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
DIRECTORS OF THE COMPANY				
Andy Kwang Jaw Tjoan				
- amount owing to	-	-	324	57

38. RELATED PARTY DISCLOSURE (CONT'D)

	THE GROUP			
	TRANSACTIONS VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER		BALANCES OUTSTANDING AS AT 31 DECEMBER	
NAMES OF RELATED PARTIES	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
DIRECTORS OF THE COMPANY				
Seo Aik Leong				
- shares issued pursuant to acquisition of subsidiaries	-	125,358	-	-
- net advances by/(repayment to)	12,307	(5)	-	-
- waiver of debts by	(5,474)	-	-	-
- refund of short fall on profit guarantee by	(6,774)	(1,333)	-	-
- effect of foreign exchange differences	69	-	-	-
- amount owing to	-	-	5,841	5,713
- joint and several guarantee for banking facilities granted to a subsidiary	10,480	5,453	-	-
DIRECTORS OF A SUBSIDIARY				
Liew Ken Fung				
- amount owing to	-	-	230	47
Siw Seng Chiw @ Seo Seng Chew				
- shares issued pursuant to acquisition of subsidiaries	-	642	-	-
- joint and several guarantee for banking facilities granted to a subsidiary	10,480	5,453	-	-

The key management personnel compensation (including directors' remuneration) is as follows:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short-term employee benefits	1,543	266	1,106	139

39. CONTINGENT LIABILITY

	THE COMPANY 2007 RM'000	THE COMPANY 2006 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	12,027	-

40. SEGMENTAL INFORMATION

(a) Business Segments

31 DECEMBER 2007	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	GROUP RM'000
REVENUE					
External revenue	59,820	1,339	-	-	61,159
Inter-segment revenue	20,688	-	-	(20,688)	-
Total revenue	80,508	1,339	-	(20,688)	61,159
RESULTS					
Segment results	22,789	83	(2,271)		20,601
Finance cost					(1,579)
Profit before taxation					19,022
Income tax expense					(4,274)
Profit after taxation					14,748
ASSETS					
Segment assets	180,457	23,343	1,527		205,327
Total assets					205,327
LIABILITIES					
Segment liabilities *	44,846	3,104	2,936		50,886
Unallocated liabilities					8,321
Total iabilities					59,207

40. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments (Cont'd)

31 DECEMBER 2007	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	GROUP RM'000
OTHER SEGMENT INFORMATION					
Capital expenditure	1,948	1,320	1,164	-	4,432
Depreciation	1,384	33	60	-	1,477
Amortisation	90	-	-	-	90

31 DECEMBER 2006	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	GROUP RM'000
REVENUE					
External revenue	20,415	-	-	-	20,415
Inter-segment revenue	5,385	-	-	(5,385)	-
Total revenue	25,800	-	-	(5,385)	20,415
RESULTS					
Segment results	7,974	-	(25,542)	-	(17,568)
Finance cost					(369)
Loss before taxation					(17,937)
Income tax expense					(2,012)
Loss after taxation					(19,949)

40. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments (Cont'd)

31 DECEMBER 2006	MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	GROUP RM'000
ASSETS			
Segment assets	169,018	1,711	170,729
Total assets			170,729
LIABILITIES			
Segment liabilities *	35,821	1,334	37,155
Unallocated liabilities			3,270
Total liabilities			40,425
OTHER SEGMENT INFORMATION			
Capital expenditure	22	239	261
Depreciation	380	6	386
Amortisation	23	-	23

(b) Geographical Segments

	MALAYSIA RM'000	CHINA RM'000	OTHERS RM'000	GROUP RM'000
31 DECEMBER 2007				
Revenue	19,205	40,615	1,339	61,159
Segment assets	29,969	152,021	23,337	205,327
Capital expenditure	2,028	1,084	1,320	4,432
31 DECEMBER 2006				
Revenue	7,543	12,872	-	20,415
Segment assets	23,744	146,985	-	170,729
Capital expenditure	253	8	-	261

* - Segment liabilities comprise total current and long-term liabilities and exclude taxation.

40. SEGMENTAL INFORMATION (CONT'D)

In the opinion of the directors, all inter-segment transactions have been entered into in the ordinary course of business on terms that mutually agreed between the parties.

41. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	THE GROUP/THE COMPANY	
	2007 RM	2006 RM
United States Dollar	3.32	3.55
Euro	4.82	4.73
Chinese Renminbi	0.46	0.45
New Turkish Lira	2.85	-

42. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount for which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Amounts Owing By/(To) Subsidiaries/Directors

The carrying amounts approximated their fair values at the balance sheet date.

(b) Term Loans

The carrying amounts approximated the fair value of these instruments. The fair values of the term loans are determined by discounting the relevant cash flows using the current interest rate for similar instruments at the balance sheet date.

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Hire Purchase Payables

The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

(d) Bank Balances and Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

(e) Contingent Liability

The nominal amount and net fair value of financial instruments not recognised in the balance sheet of the Company is as follows:

		THE COMPANY	
	Note	Nominal Amount RM'000	Net Fair Value RM'000
At 31 December 2007			
Contingent liability	39	12,027	*
At 31 December 2006			
Contingent liability	39	Nil	Nil

* The net fair value of the contingent liability is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE

The details of the significant events during the financial year are as follows:-

(a) On 13 March 2007, Syarikat Bukit Granite Sdn. Bhd. ("SBG"), a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement to acquire the entire issued and paid-up share capital comprising 100 ordinary shares of New Turkish Lira ("YTL")1,000 each, in which YTL250 per ordinary share had been called, in Montana Madencilik Mermer Sanayi Insaat Ve Tiracet Limited Sirketi ("MTN"), a company incorporated in the Republic of Turkey for a purchase consideration of USD4,500,000.

The above acquisition had been completed on 19 July 2007. There is an amount of RM10,767,000 being the balance of the consideration payable to the vendor as at the balance sheet date.

(b) On 27 September 2007, the Company announced that it proposed to implement a private placement of up to 15,480,000 new ordinary shares of RM1 each, representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified later. The Company had on 29 October 2007 announced that the Securities Commission and the Foreign Investment Committee had approved the Proposed Private Placement subject to certain conditions and subsequently the Company had on 20 November 2007 announced that the Ministry of International Trade and Industry had approved the Proposed Private Placement subject to certain conditions. The approved private placement will expire on 26 April 2008. The private placement transaction has not been completed as at the date of this report.

On 28 March 2008, the Company had applied to Securities Commission for an extension of time for a further six months, to 26 October 2008, to complete the private placement. The application is pending approval from the authorities as at the date of this report.

(c) On 5 October 2007, the Company incorporated a new subsidiary known as SBG Trading (Labuan) Ltd. ("STLL") under the Offshore Companies Act, 1990. The authorised share capital of STLL is USD200,000 divided into 200,000 shares of USD1.00 each of which 1 share of USD1.00 has been issued and fully paid-up.

(d) On 15 November 2007, the Company announced that it entered into a Joint Venture and Shareholders' Agreement ("JVA") with Tawjeeh Services and Commercial Investment Limited ("TAWJEEH"), a company incorporated in the Kingdom of Saudi Arabia, to establish a joint venture company ("JVCO") in such jurisdiction in the Middle East. The JVCO is to be established as a private company with limited liability, with a proposed authorised share capital of USD13,500,000 comprising 13,500,000 ordinary shares of USD1.00 each of which the allotment of the shares to the Company and TAWJEEH shall be 6,750,001 and 6,749,999 respectively.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE (cont'd)

The proposed authorised share capital of JVCO was subsequently revised to the following:-

Shareholders	Capital Outlay USD	Number Of Shares To Be Held In Joint Venture Company	Equity Interests (%)
Gefung Holdings Berhad	7,000,001	7,000,001	50.01
TAWJEEH	6,999,999	6,999,999	49.99

The Proposed Joint Venture has been pproved by the shareholders of the Company at an Extraordinary General Meeting to be held on 25 April 2008.

The above transaction has not been completed as at the date of this report.

44. PROFIT GUARANTEE

On 27 July 2006, the Company entered into a Profit Guarantee Agreement with Seo Aik Leong and Siw Seng Chiw @ Seo Seng Chew (collectively the "Guarantors") in which the Guarantors have severally but not jointly guaranteed the following profit before taxation ("PBT"):

(a) the audited PBT of the amalgamated audited PBT of the SBG and Shanghai Ge Fung Marble & Granite Co. Ltd. ("collectively known as the SBG Group") for the financial year ended 31 December 2006 shall not be less than RM21,643,000;

(b) the audited PBT of the amalgamated audited PBT of the SBG Group for the financial year ended 31 December 2007 shall not be less than RM28,084,000, and

(c) the audited PBT of the amalgamated audited PBT of the SBG Group for the financial year ended 31 December 2008 shall not be less than RM28,330,000.

As at 31 December 2007, an amount for RM6,774,000 (2006 - RM1,333,000) being the shortfall of the profit guarantee for the financial year ended 31 December 2007 has been recorded as a refund in the cost of investment of the Company. At the Group level, the goodwill of the Group has been adjusted accordingly.

45. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	THE GROUP		THE COMPANY	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
BALANCE SHEETS (EXTRACT):-				
Trade and other receivables	-	30,425	-	-
Amount owing by contract customers	387	-	-	-
Trade receivables	23,535	-	-	-
Other receivables, deposits and prepayments	6,513	-	1,461	4,211
Amount owing by subsidiaries	-	-	2,750	-
Cash and cash equivalents	-	4,563	-	-
Fixed deposits with licensed banks	3,094	-	-	-
Cash and bank balances	1,469	-	-	-
Trade and other payables	-	19,799	-	-
Amount owing to contract customers	172	-	-	-
Trade payables	4,454	-	-	-
Other payables and accruals	9,403	-	-	-
Amount owing to directors	5,770	-	-	-

Location	Description and existing usage	Tenure	Approximate area	Approximate age of building (years)	Year of acquisition	Net book value as at 31.12.2007 RM'000
No 25, Jalan 2/33B, MWE Kepong Commercial Park, Kepong, 52100 Kuala Lumpur, held under Master Titles H.S. (D) 67297 and H.S. (D) 74283 for Lot Nos. 9498 and 10908 respectively, Mukim Batu, Daerah Wilayah Persekutuan.	A four storey shop office	99 years leasehold, expiring in year 2023	$149m^2$(Land)/ $576m^2$(Built-up)	12	1995	707
No. Lot 3708, Jalan Perusahaan 3, Kamunting Industrial Estate, 34600 Kamunting, Perak, held under title number Pajakan Neg-eri 108706, Lot No. 16672, Mukim Asam Kumbang, Daerah Larut & Matang, Perak.	A single storey factory	99 years leasehold, expiring in year 2088	$8,094m^2$(Land)/ $2,736m^2$(Built-up)	13	1994	2,252
Industrial land held under HSD LM 7636, PT No. 5268, Mukim Asam Kumbang, Daerah Larut & Matang, Perak.	An extended single storey factory from Lot 3708	99 years leasehold, expiring in year 2095	$8,093m^2$(Land)/ $2,107m^2$(Built-up)	10	1997	1,187
No. 5679, Bei Qing Road, Chong Gu Town, Qing Pu County, Shanghai, China 201706.	A single storey factory and a four storey office	35 years leasehold, expiring in year 2034	$34,759m^2$(Land)/ $8,906m^2$(Built-up)	8	1999	5,253
Lot No. 18-15, HS(M) 8806-HS(M) 8829, PT20412-PT20435, HS(M) 20856 PT27083 Mukim Kapar and GM 5802 Lot 1034 all of Mukim Kapar, Daerah Klang	Office unit	Freehold	260m2(Built-up)	_	2007	804
No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58 m2 (Built-up)	_	2007	353

ORDINARY SHARE CAPITAL

Authorised Capital	:	RM490,000,000
Issued and Paid Up Capital	:	RM154,800,002
Number of Shares Issued	:	154,800,002
Class of Shares	:	Ordinary Shares of RM1.00 each
Number of Shareholders	:	3,940
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHREHOLDINGS

Size of Shareholdings	No. of holders	%	No. of Shares	% of issued share capital
Less than 100 shares	50	1.27	1,733	0.00
100 to 1,000 shares	2,801	71.09	957,814	0.62
1,001 to 10,000 shares	805	20.43	3,331,240	2.15
10,001 to 100,000 shares	232	5.89	7,350,935	4.75
100,001 to less than 5% of issued shares	48	1.22	27,318,591	17.65
5% and above of issued shares	4	0.10	115,839,689	74.83
TOTAL	**3,940**	**100.00**	**154,800,002**	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	No. of shares held %	Indirect	%
OSK Nominees (Tempatan) Sdn Bhd OSK Trustees Berhad for Seo Aik Leong	35,839,688	23.15	-	-
Mayban Securities Nominees (Asing) Sdn Bhd Khaleeji Commercial Bank B.S.C. (C) for PacificQuest	34,056,000	22.00	-	-
OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Seo Aik Leong	30,944,001	19.99	-	-
Koperasi Permodalan Felda Berhad	15,000,000	9.69	-	-

DIRECTORS' SHAREHOLDINGS

Name	Direct	No. of shares held %	Indirect	%
Datuk Azizan bin Abdul Rahman	1,000,000	0.65	-	-
Seo Aik Leong	66,783,689	43.14	-	-
Cheong Marn Seng	9,000	0.01	-	-

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of shares held	%
1	OSK Nominees (Tempatan) Sdn Bhd OSK Trustees Bhd for Seo Aik Leong	35,839,688	23.15
2	Mayban Securities Nominees (Asing) Sdn Bhd Khaleeji Commercial Bank B.S.C. (C) for PacificQuest	34,056,000	22.00
3	OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Seo Aik Leong	30,944,001	19.99
4	Koperasi Permodalan Felda Bhd	15,000,000	9.69
5	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund RNQU for Dubai Investment Group Limited	7,387,000	4.77
6	Perbadanan Nasional Bhd	4,750,000	3.07
7	CitiGroup Nominees (Asing) Sdn Bhd Merrill Lynch International	1,834,100	1.18
8	CitiGroup Nominees (Tempatan) Sdn Bhd Manulife Insurance (Malaysia) Berhad (OL PAR)	1,566,500	1.01
9	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Azizan Bin Abd Rahman (100726)	1,000,000	0.65
10	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz	1,000,000	0.65
11	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Eng Lim	910,000	0.59
12	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kok Kee	835,578	0.54
13	Teo Chiang Hong	500,000	0.32
14	Universal Trustee (Malaysia) Bhd CIMB-Principal Small Cap Fund 2	492,000	0.32
15	Hasmi Bin Hasnan	400,000	0.26
16	Chai Chau @ Peh Chai Chau	390,000	0.25
17	Wong Kang Sai	370,000	0.24
18	HLG Nominee (Tempatan) Sdn Bhd Securities Account for Lee Siew Ann (CCTS)	329,900	0.21
19	Malaysia Nominees (Tempatan) Sdn Bhd Malaysia Trustees Bhd for Alliance Vision Fund (00-10033-000)	312,200	0.20
20	Foo Wan Kong	265,000	0.17
21	Lai Choon Chan	234,200	0.15
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ah Kam	230,500	0.15
23	Wong Chee Kian	230,200	0.15
24	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdul Hamed Bin Sepawi	210,000	0.14
25	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Geok Choo (M02)	200,000	0.13
26	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alexander Ho Lian Siew	200,000	0.13
27	Tan Kin Lee	200,000	0.13
28	Tan Kin Lee	200,000	0.13
29	TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Nguk Moi	198,800	0.13
30	Teng Sook Tian	197,000	0.13

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at the Laksamana Ballroom, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Friday, 20 June 2008 at 10.00 a.m. or at any adjournment thereof to transact the following business:-

AGENDA

1	To receive the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.	**(Resolution 1)**
2.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2007.	**(Resolution 2)**
3.	To re-elect the following Directors retiring pursuant to Article 83 of the Company's Articles of Association:	
	i Wong Heang Fine	**(Resolution 3)**
	ii Khayat, Yousuf Mohamedyaqub Y	**(Resolution 4)**
	iii Chan Ying Wei	**(Resolution 5)**
4.	To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:	
	i Datuk Azizan Bin Abd Rahman	**(Resolution 6)**
	ii Cheong Marn Seng	**(Resolution 7)**
5.	To re-appoint Messrs Horwath as auditors of the Company and to authorise the Directors to fix their remuneration.	**(Resolution 8)**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions and Special Resolution:-

6. **ORDINARY RESOLUTION** **(Resolution 9)**
AUTHORITY TO DIRECTORS TO ISSUE SHARES

"THAT subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue new shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company at the time of issue 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 in force until the conclusion of the next Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION** **(Resolution 10)**
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")

"THAT subject always to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature as stated in Section 2.3 of the Circular to Shareholders dated 29 May 2008 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which it will lapse, unless by a resolution passed at the AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed RRPT Mandate described in the Circular."

8 **SPECIAL RESOLUTION** **(Resolution 11)**
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"THAT the deletion, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Part B of the Circular to Shareholders dated 29 May 2008, be and is hereby approved."

9 To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

YEOH CHONG KEAT (MIA 2736)
LIM FEI CHIA (MAICSA 7036158)
Company Secretaries

Kuala Lumpur
29 May 2008

Notes:

1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2 Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

3 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

4 The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

Explanatory Notes on Special Business:

1 <u>Resolution 9</u>

This proposed resolution, if passed, will allow the Directors of the Company to issue and allot shares upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company at the time of issue. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

2 <u>Resolution 10</u>

This Resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 29 May 2008 despatched together with the Annual Report. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

3 <u>Resolution 11</u>

The Proposed Amendments to the Company's Articles of Association under Resolution 11 is in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

1. Directors standing for re-election at the Fourth Annual General Meeting of the Company

The Directors retiring pursuant to Article 83 of the Company's Articles of Association and seeking re-election are as follows:

i Wong Heang Fine
ii Khayat, Yousuf Mohamedyaqub Y
iii Chan Ying Wei

The Directors retiring pursuant to Article 89 of the Company's Articles of Association and seeking re-election are as follows:

i Datuk Azizan Bin Abd Rahman
ii Cheong Marn Seng

Details of the abovenamed Directors are set out on page 4 to 7of this Annual Report while their securities holdings in the Company are set out on page 34 of this Annual Report.

2. Details of attendance of Directors at Board of Directors' Meetings

Details of attendance of Directors at Board meetings held in the financial year ended 31 December 2007 are set out in the Statement on Corporate Governance on Page 14 of this Annual Report.

3. Date, time and place of the Fourth Annual General Meeting

The Fourth Annual General Meeting of the Company is scheduled to be held at the Laksamana Ballroom, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Friday, 20 June 2008 at 10.00 a.m.

GEFUNG HOLDINGS BERHAD (654188-H)
(Incorporated in Malaysia)

FORM OF PROXY

Number of ordinary shares held	

I/We ______________________________

of ______________________________

being a member of GEFUNG HOLDINGS BERHAD, hereby appoint ______________________________

______________________________ of ______________________________

____

or failing him/her ______________________________

of ______________________________
or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at the Laksamana Ballroom, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Friday, 20 June 2008 at 10.00 a.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:-

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and Auditors' thereon.		
2.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2007.		
3.	To re-elect Mr Wong Heang Fine as Director.		
4.	To re-elect Mr Khayat, Yousuf Mohamedyaqub Y as Director.		
5.	To re-elect Mr Chan Ying Wei as Director.		
6.	To re-elect Datuk Azizan Bin Abd Rahman as Director.		
7.	To re-elect Mr Cheong Marn Seng as Director.		
8.	To re-appoint Messrs Horwath as Auditors of the Company.		
	SPECIAL BUSINESS		
9.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
10.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature.		
11.	Proposed amendments to the Company's Articles of Association.		

(Please indicate with a " / " in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this day of , 2008

____
Signature/Common Seal of Member

Notes:
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a certified or office copy of such power of attorney shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

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STAMP

Company Secretary
GEFUNG HOLDINGS BERHAD
(654188-H)

Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

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