GEFUNG HOLDINGS BERHAD (654188H)

ANNUAL REPORT 2008

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 efficiency.

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

To keep pace with the ever-evolving global dynamics.

CORPORATE INFORMATION

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

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

NG CHEE YUEN
Non-Independent Non-Executive Director
(Appointed as Alternate director to Khayat Yousof Mohamedyaqub Y on 20 August 2008)

AUDIT COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

LOI HENG SEWN
Member

CHEONG MARN SENG
Member

NOMINATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

CHEONG MARN SENG
Member

LEE CHONG HOE
Member

RENUMERATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

SEO AIK LEONG
Member

LEE CHONG HOE
Member

COMPANY SECRETARIES

YEOH CHONG KEAT
(MIA 2736)

PUA LEI NGOR
(MAISCA 7049116)

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 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 2264 3883
Fax : 03 2282 1886

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

GEFUNG HOLDINGS BERHAD (654188-H)

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

DIRECTORS' PROFILE

YBhg Datuk Azizan Bin Abd Rahman

(59 years of age - Malaysian)
Chairman, Independent and Non-Executive Director

YBhg Datuk Azizan bin Abd Rahman, DMSM, was appointed as Chairman of Gefung Holdings Berhad ("Gefung" or "the Company") and also Chairman for the Audit Committee. He is also the Chairman for the Nomination and Remuneration Committee as well.

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. Datuk Azizan is currently the Director of MBF Holdings Berhad.

Datuk Azizan is also the Chairman of Eastern & Oriental Berhad, Isyoda Corporation Berhad and Investment Panel of Lembaga Tabung Haji. He also sits on the board of Nagamas International Berhad, Apex Equity Holdings Berhad and TH Plantations Berhad.

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

Wong Heang Fine

(51 years of age - Singaporean)
Deputy Chairman, Non-Independent and Non-Executive Director

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

Mr Wong holds a Master of Science in Engineering Production & Management from the Univesity 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 (Integrated Leisure, Entertainment and Conventions) 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, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Seo Aik Leong

(50 years of age - Malaysian)
Managing Director

Mr Seo was appointed a 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 Renumeration 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 is the son of Siw Seng Chiw @ Seo Seng Chew, a Director of SBG and has no family relationship with any other Director and/or major shareholder of the Company. Mr Seo has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Khayat, Yousuf Mohamedyaqub Y

(52 years of age – Saudi Arabian)
Non-Independent and Non-Executive Director

Mr Khayat was appointed as a Director of Gefung on 15 November 2007. He holds a Bachelor and Master's degrees 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.

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 Company Limited (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 Management Committee and 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 Chairman of the Board of Directors of CNA Integrated Technologies Ltd., UAE and a member of the Board of Directors of Gulf Finance House, Bahrain and PSJI, a Mexico-based real estate development company.

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

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

Chan Ying Wei

(38 years of age – Malaysian)
Executive Director

Mr Chan 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, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Cheong Marn Seng, Allen

(44 years of age – Malaysian)
Independent and Non-Executive Director

He was appointed as a Director of the Company on 28 September 2006. He is also a member of the Audit Committee and Nomination Committee.

He holds a Bachelor of Commerce degree in economic and finance from The University of Melbourne, Australia and is a Chartered Accountant of The Malaysian Institute of Accountants. He has wide experience and knowledge in corporate finance, after working in the corporate finance department of an investment bank for over 8 years in senior management position. Prior to his stint with the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial service division.

He has since 2001 been an executive director of Lien Hoe Corporation Berhad, a company listed on the Main Board of Bursa Malaysia and has businesses in property investment, property development, building and civil contracting works and hotel.

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, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

Loi Heng Sewn

(49 years of age – Malaysian)
Independent and Non-Executive Director

Mr Loi 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, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

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

Mr Lee 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 Asia Bionenergy Technologies Berhad.

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

Ng Chee Yuen
(45 years of age – Singaporean)
Alternate Director to Khayat, Yousuf Mohamedyaqub Y

He was appointed as an Alternate Director to Mr Khayat, Yousuf Mohamedyaqub Y on 20 August 2008.

He graduated with a Master of Business Administration (MBA) from the Harvard Business School, where he was awarded the Dubilier Prize. He was on a prestigious Singapore Government Scholarship to Imperial College of Science and Technology at London for his undergraduate degree.

He has over 24 years of experience in the government service, business start ups, strategy and private equity investments. He is currently the Vice President in the Direct Investment Group of Saudi Economic & Development Co Ltd (SEDCO) leading SEDCO's direct investments in Asia.

Prior to joining SEDCO, he was a member of the leadership team in the consulting firm Bain & Company, (S.E.A.) Inc. where he led consulting engagements in key sectors like technology/telecoms, consumer products, industrial products, logistics and government. His expertise included corporate and portfolio strategy, merger integration, process reengineering, private equity, organization restructuring and change management. He has extensive experience working in Korea, China, India, Japan, South East Asia and the Middle East.

He is an Alternate Director to Mr Khayat, Yousuf Mohamedyaqub Y in Green Packet Berhad.

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

Datuk Azizan bin Abdul Rahman
Chairman

DEAR VALUED SHAREHOLDERS,

Once more, I take great pleasure in presenting to you the Annual Report and Audited Financial Statements of Gefung Holdings Berhad ("Gefung" or "the Company") for the financial year ended 31 December 2008.

Over the past decade, Gefung has worked its way into the upper echelon of premium marble and granite processors and traders internationally. We have come to be recognised for the quality of our workmanship and our attention to detail in countries as diverse as China and Middle East, in addition to our home nation of Malaysia.

We continue to import high-quality, branded marble from quarries in Turkey, Indonesia and Iran to support our operations. This imported marble has become one of our claims to fame, being of a higher standard than most China-based manufacturers.

I am pleased to announce that revenue of Gefung posted in 2008 increased to RM75 million, up 23% from RM61.2 million recorded the previous year. This increase was mainly due to an upswing in performance from Gefung's China-based operations.

Last year saw the Company acquire exclusive extraction rights to two quarries in Turkey. These acquisitions allowed Gefung to ensure a constant supply of marble blocks while keeping up strict quality and financial controls. Part of the new revenue streams from these operations, namely blocks trading, is one of the reasons for the Company's upswing in revenue. Our strategic joint-venture partnership with Saudi Economic Development Co. Ltd. ("SEDCO") with the specific intentions to tap the Middle Eastern, North African, Sub-Indian and Central Asian markets is on-going. Both parties are putting the final details of the financing and corporate structure in place.

The ramifications of the global financial crisis continue to reverberate throughout the globe, and we, at Gefung are viewing the potential weak market sentiment with concem. However, we understand that these trying times are no excuse to shirk the work ethic and optimism that have taken Gefung to where it is right now.

We continue to have a strong foothold in both China and the Middle East, and this will stand Gefung in good stead as the opportunities arise in these regions. In this connection, we are pursuing a number of projects and initiatives both in China and the Middle East.

Unbilled secured projects on hand stand at RM29.6 million to date while approximately RM36.0 million have been tendered for projects in Malaysia and the Middle East whilst another RM47.0 million have been tendered for projects in China. Based on our credentials and reputation, we expect a high success rate for these tendered projects.

I would like to take this opportunity to personally thank each and every Gefung employee and shareholder for being with us thus far. We have a lot of hard work ahead of us, but that has never been something we have shied away from.

Datuk Azizan bin Abdul Rahman
Chairman

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Seo Aik Leong
Managing Director

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 December 2008, Gefung Holdings Berhad ("Gefung" or "the Company") recorded a revenue of RM75 million and a gross profit of RM16.2 million. While the latter figure represents a 28% drop from last year, Gefung remained operationally strong, as revenue grew 23% from the RM61.2 million recorded in 2007.

The increase in revenue was mainly due to the success of our operations in China, which saw higher revenue generated as a greater number of large, secured projects commenced in 2008. Some of the notable projects in China include Manzhouli Shangri-La and Ningbo Shangri-La with a total value of RM28 million, Havana Hotel with a value of RM23.5 million and the Harbin Jinhe Building with a contract value of RM13 million.

Our quarries in Turkey also contributed to the upswing in revenue, particularly with the execution of blocks trading. We remain confident that we have secured a large part of Gefung's future by having these operations in place.

In Malaysia, however, the lower revenue was a result of there being no major projects in progress during the first nine months of the year. In 2007, by comparison, Gefung completed the One World Hotel, Loft & Ara Bangsar and Sentral Club House projects, all of which featured prominently during the corresponding reporting period. However, final account adjustments totaling RM0.76 million for these projects mentioned saw revenue reduced accordingly.

On the back of these developments, Gefung's earnings per share for 2008 came in at 5.34 sen, which means that the Company's return on equity weighs in at 4.98%.

REVIEW OF OPERATIONS

Gefung remains one of the top marble and granite players in China, with operations from the region contributing 71% to the Company's profits.

I am pleased to see that one of our targets for future earnings growth was met with the execution of marble blocks trading from our Turkish quarries. For the time being, however, our operations in Turkey have yet to break even. This situation is largely due to increasing oil prices and a lack of sufficient funding to initiate quarry operations.

I firmly believe that this experience will prove invaluable in the long run. As noted in last year's Annual Report, not only does this ensure a consistent supply of marble blocks, it allows Gefung to control their price and quality while acting as an excellent template for the acquisition and management of future quarry licences.

Other factors impacting Gefung's overall performance were cost pressures from rising labour costs, increased inflationary pressure, and rising oil prices (particularly in China). Although the price of oil subsided drastically in the last quarter of 2008, the impact on our operations was still felt, as evinced by escalating operation costs.

In addition, lower revenue was recorded from our operations in Malaysia, on the back of additional labour charges incurred for the Malaysian projects.

LOOKING FORWARD

The 2008 financial year promises to have plenty of developments in store for Gefung. First off, the Company has received approvals from the relevant regulatory authorities, including the Securities Commission, Bursa Malaysia Berhad and the Ministry of International Trade and Industry for the extension of time to implement the proposed private placement of up to 15,480,000 new ordinary Gefung shares to investors.

Gefung anticipates further demand for quality 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 of its Shanghai plant, which currently operates at 560,000 sq metres per annum, by 10% to 15% this year, whilst the marble production capacity in Malaysia has increased by 155,000 sq metres per annum with the investment of additional equipment last year.

Gefung is also still in the planning process of setting up a marble processing plant in the Middle East in a strategic joint-venture partnership with Saudi Economic Development Co. Ltd. (SEDCO) not withstanding the global economic crisis. 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 few years.

Going forward, Gefung has RM29.6 million worth of unbilled projects in hand, with RM19.3 million worth of work in China and the remaining RM10.3 million based in Malaysia.

For the time being our tenders in Malaysia comprise RM36 million worth of projects, including projects in the Middle East and in Abu Dhabi. In China, meanwhile, Gefung has tendered for projects amounting to RM47 million.

The global financial crisis remains a factor, but one that we are cognizant of. Gefung will continue to strive for every success and take into account the global situation. I remain confident that we have laid many of the building blocks in place over the last few years and that we are in a good position to weather the storm.

Seo Aik Leong
Managing Director

CORPORATE SOCIAL RESPONSIBILITY

Here at Gefung Holdings Berhad ("Gefung"), we not only take our commitment to corporate social responsibility seriously, but we also believe in continuity. In 2007, we have provided support to Persatuan Kebajikan Rumah Grace (Grace Home for the Destitute) part of Grace Community Services Centre (GCSC), and we are delighted to preserve and maintain this relationship.

The Grace Home provides food, clothing, medical care, and love to the homeless and the abandoned. The home is a shelter for everyone from the physically and mentally handicapped to stranded and abused widows. The home provides its residents with the ingredients necessary to rebuild their lives, eventually returning them to dignity and comfort.

Last year, our contribution consisted mainly of donations of foodstuffs, medical supplies and the like. This time around, we decided to take a more active role. In December 2008, Gefung staff focused on the homeless, working with GCSC to prepare and distribute food to those in need.

A combination of staff from the Kuala Lumpur and Taiping plants joined forces, meeting at the Grace Community Service Centre – Relief Services. Ms Jenny Liu, our managing director's wife, organised the staff in purchasing, cooking and distributing the food over a period of two days.

The project was aimed at fostering the spirit of community service and teamwork amongst the staff while giving back to the community, two aspects that remain integral to the outlook of Gefung Holdings Berhad. The project was a rousing success and we remain hopeful that next year will bring yet more interactions between Gefung and the worthy work of GCSC.

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 implement the Malaysian Code on Corporate Governance [Revised 2007] (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 has established and maintained an adequate system of internal controls. Due to limitations inherent in 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 nine (9) Directors of which two (2) are Executive Directors, three (3) are Non-Independent Non-Executive Directors (including an Alternate Director) and four (4) are Independent 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 to ensure the long-term interest of the shareholders, as well as the employees, customers, suppliers and many commu nities in which the Group conducts its businesses.

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 four (4) board meetings held during the financial year ended 31 December 2008 and the attendance record (including Company Secretary's attendance) is as follows:-

Name	Meetings attended
Directors	
Datuk Azizan bin Abd Rahman	4 out of 4
Seo Aik Leong	4 out of 4
Andy Kwang Jaw Tjoan [Resigned on 28 April 2008]	0 out of 2
Chan Ying Wei [Ceased as Alternate to Andy Kwang Jaw Tjoan on 28 April 2008]	2 out of 2
Chan Ying Wei [Appointed on 28 April 2008]	2 out of 2
Khayat, Yousuf Mohamedyaqub Y	3 out of 4
Wong Heang Fine	4 out of 4
Loi Heng Sewn	4 out of 4
Cheong Marn Seng	4 out of 4
Lee Chong Hoe	3 out of 4
Ng Chee Yuen (Alternate to Khayat, Yousuf Mohamedyaqub Y) [Appointed on 20 August 2008]	2 out of 2
Company Secretary	4 out of 4

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 Malaysia Securities Berhad 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 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 Company 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 Director concerned. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the Annual General Meeting.

The details of Directors' remuneration for the financial year ended 31 December 2008 are as follows:

	Group	
Remuneration Component	**Executive Directors**	**Non-Executive Directors**
	RM'000	RM'000
Directors' fees	-	288
Salaries, bonus and other emoluments	1,122	-
Defined contribution plan	88	-
Estimated money value Benefits-in-kind	90	-

The number of Directors whose remuneration fall within the respective bands for the financial year ended 31 December 2008 are as follows:

	Group	
Range of Remuneration	**Executive Directors**	**Non-Executive Directors**
RM1 to RM50,000	-	5
RM50,001 to RM100,000	-	1
RM150,001 to RM200,000	1	-
RM1,050,001 to RM1,100,000	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 year under review are as follows:-

Committee	**Key Functions**
Audit Committee	As set out on page 18 to 21
Remuneration Committee	As set out on page 22 to 23
Nomination Committee	As set out on page 24 to 25

8. **Directors' Training**

During the year, the Directors had attended various accredited courses and seminars to further enhance their skill and knowledge other than Mr Seo Aik Leong, Mr Loi Heng Sewn, Mr Khayat, Yousuf Mohamedyaqub Y, Mr Wong Heang Fine and Mr Ng Chee Yuen. Mr Seo was very busy tied up attending to the Company's business in view of the financial/economic crisis while the rest are tied up with their own private businesses and/or heavy work commitments. All of them will endeavor to attend suitable training in 2009.

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Board will evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminar and briefings that will enhance their knowledge and enable them to discharge their duties effectively.

Details of the Training Programmes attended by Directors are summarised as follows:

Datuk Azizan bin Abdul Rahman	
• The Art of Living (Reducing STRESS using modern and ancient techniques)	12 March 2008
Chan Ying Wei	
• Global Research Briefing	14 January 2008
• 2009 Budget and Tax Planning	3 September 2008
• The Malaysian 2009 Budget + Tax Planning Conference - China	22-23 September 2008
• Financing Your Business	1-2 December 2008
Cheong Marn Seng	
• Recent Developments in Malaysian Financing Reporting Standards	12-13 March 2008
• Hedge Funds (Strategies, Risks, Benefits & New Regulations) 2008	25 November 2008
Lee Cheong Hoe	
• 21st LAWASIA Conference - Challenging Asia	29 October -1 November 2008

B. SHAREHOLDERS

1. **Relations with Shareholders and Investors**

The Board values dialog with its shareholders and investors through the maintenance of an open communication policy with investors and shareholders alike. In assuring effective communication, the various means and forums such as press releases, public announcements on quarterly basis, annual report, disclosures to Bursa Malaysia Securities Berhad and other Group activities are made. Meetings with institutional investors, fund managers and analysts from time 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 the published Annual Report and Quaterly Reports announced to Bursa Malaysia Securities Berhad, the Group has established a website at 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 dialog 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. Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 31 December 2008

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 Companies Act, 1965 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 internal and 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 [Revised 2007]. 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 31 March 2009.

The Audit Committee of Gefung Holdings Berhad is pleased to present the following report for the financial year ended 31 December 2008.

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 four (4) Audit Committee meetings were held during the financial year ended 31 December 2008 and the details of attendance (including Company Secretary's attendance) are as follows:

Director	Designation	Attendance
Datuk Azizan bin Abd Rahman	Chairman of Audit Committee & Independent Non-Executive Director	4/4
Cheong Mam Seng	Independent Non-Executive Director	4/4
Loi Heng Sewn	Independent Non-Executive Director	4/4
Seo Aik Leong [Resigned on 20 February 2008]	Managing Director	1/1
Company Secretary		4/4

TERMS OF REFERENCE

Constitution

The Board of Directors has established a Committee of the Board known as the Audit Committee (hereinafter referred to as "Committee"). The Committee assists 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 Independant 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 Executive Directorin charge of Finance, the representatives of the internal auditors and external auditors will attend anymeeting of the Committee to make known their views on any matter under consideration by the Committteeor 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 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 Terms of Reference for the financial year ended 31 December 2008. During the financial year, the Audit Committee had undertaken the following activities:-

(a) Reviewed the quarterly financial results for the quarters ended 31 December 2007, 31 March 2008, 30 June 2008 and 30 September 2008 to be tabled to the Board of Directors;

(b) Reviewed the audited financial statements for the financial year ended 31 December 2007 to be tabled to the Board of Directors;

(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 requirements;

(d) Reviewed the audit activities carried out by the Internal Auditors 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 2007 Annual Report.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent professional consultancy firm with the aim of providing independent and systematic reviews on the systems of internal control. The Internal Audit function provides an independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. Throughout the financial year, the audit assignments were carried out in accordance with the annual internal audit plan.

On quarterly basis, the Internal Auditors report to the Audit Committee on their audit findings, their recommendations of the corrective actions to be taken by the Management together with the Management's responses in relation thereto. Periodically, the Internal Auditors will follow up to determine the extent of their recommendations that have been implemented by the Management.

During the financial year, there was no material internal control failure that was reported that would have resulted in any significant loss to the Group.

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

(a) audit review on the sales, credit control, account receivables and collection process of the subsidiaries of the Group namely Shanghai Ge Fung Marble & Granite Co. Ltd. ("SGMG") and Syarikat Bukit Granite Sdn. Bhd.("SBG");

(b) follow audit review on the inventory management system of its subsidiary namely SGMG;

(c) follow up audit review on the sales, credit control, account receivables and collection process of its subsidiary namely SBG; and

(d) audit review on all relevant agreements and documents that securing the mining rights.

This Audit Committee Report is made in accordance with the resolution passed at the Board of Directors' meeting held on 31 March 2009.

RENUMERATION COMMITTEE REPORT

The Remuneration Committee of Gefung Holdings Berhad is pleased to present the following report for the financial year ended 31 December 2006.

COMPOSITION OF REMUNERATION COMMITTEE

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

The members of the Remuneration Committee comprises:

Director	Designation
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 staff.

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 staff, 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 staff 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 17 February 2008 after the close of the financial year ended 31 December 2007 to review and recommend the following to the Board for approval:-

(a) the Service Agreement of Mr Seo Aik Leong, the Managing Director of the Company; and
(b) the remuneration packages of the Directors for the financial year ended 31 December 2008.

The Committee met on 24 February 2009 after the close of the financial year ended 31 December 2008 to review the remuneration packages of the Executive Directors of the Company as well as Directors' fees for the financial year ending 31 December 2009.

NOMINATION COMMITTEE REPORT

The Nomination Committee of Gefung Holdings Berhad is pleased to present the following report for the financial year ended 31 December 2008.

COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:

Director	Designation
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 NOMINATING 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 staff 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 Nominating 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 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.

During the meeting, the Committee also reviewed and recommended the following to the Board for approval:-

(a) resignation of Mr Andy Kwang Jaw Tjoan as Director of the Company;
(b) cessation of Mr Chan Ying Wei as Alternate Director to Mr Andy Kwang Jaw Tjoan;
(c) appointment of Mr Chan Ying Wei as Executive Director of the Company; and
(d) appointment of Mr Andy Kwang Jaw Tjoan as Alternate Director to Mr Chan Ying Wei.

The Committee met on 31 March 2009 after the close of the financial year ended 31 December 2008 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 Board's Responsibilities

The Board of Directors acknowledges its responsibility for the Group's system of internal control and for reviewing the adequacy and integrity of the system. 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 system of internal control, such system is designed to mitigate rather than eliminate the risks that may impede the achievement of Group's objectives. Accordingly, these systems can provide only reasonable and not absolute assurance against material misstatement, loss or fraud. 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 are summarized as follows:-

(a) **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 period. 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.

Review of the Statement by the Board of Directors

For financial year ended 31st December 2006, 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.

ADDITIONAL COMPLIANCE INFORMATION

Non-Audit Fees

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2008 was RM8,000-00.

Utilisation of Proceeds

The Company has not implemented any corporate proposal during the financial year ended 31 December 2008.

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 ("the Company"), representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified later ("Proposed Private Placement").

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 28 April 2008, the Company announced that the Securities Commission had vide its letter dated 25 April 2008, approved the Company's application for an extension of time for a further six (6) months until 25 October 2008 to complete the Proposed Private Placement.

On 10 October 2008, the Company announced that the Securities Commission had vide its letter dated 9 October 2008, approved the Company's application for an extension of time for a further six (6) months until 25 April 2009 to complete the Proposed Private Placement.

The Proposed Private Placement is now pending implementation.

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.

Imposition of Sanctions and / or Penalties

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies.

ADDITIONAL COMPLIANCE INFORMATION

Variation in Results

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

Profit Guarantee

The Company had entered into a Profit Guarantee Agreement ("PGA") 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 audited amalgamated pre tax profit for SBG and SGMG for the financial year ended 31 December 2008 shall not be less than RM28.3 million.

As at 31 December 2008, an amount of RM14.23 million representing the shortfall of profits guaranteed had been recorded as a reduction in the cost of investment of the Company. The intangible asset of the Group had been adjusted accordingly. The shortfall for the profit guarantee had been set off with the amount owing to Director and the net amount receivable from the Director was reflected in the Group accounts.

The shortfall of the Profit Guarantee should be based on the audited amalgamated profit before tax of SBG and SGMG and upon confirmation should be made good in accordance with the terms of the PGA.

Revaluation Policy

The Company and/or its subsidiaries did not revalue any of its property, plant and equipment during the financial year ended 31 December 2008.

Material Contracts

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company and/or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

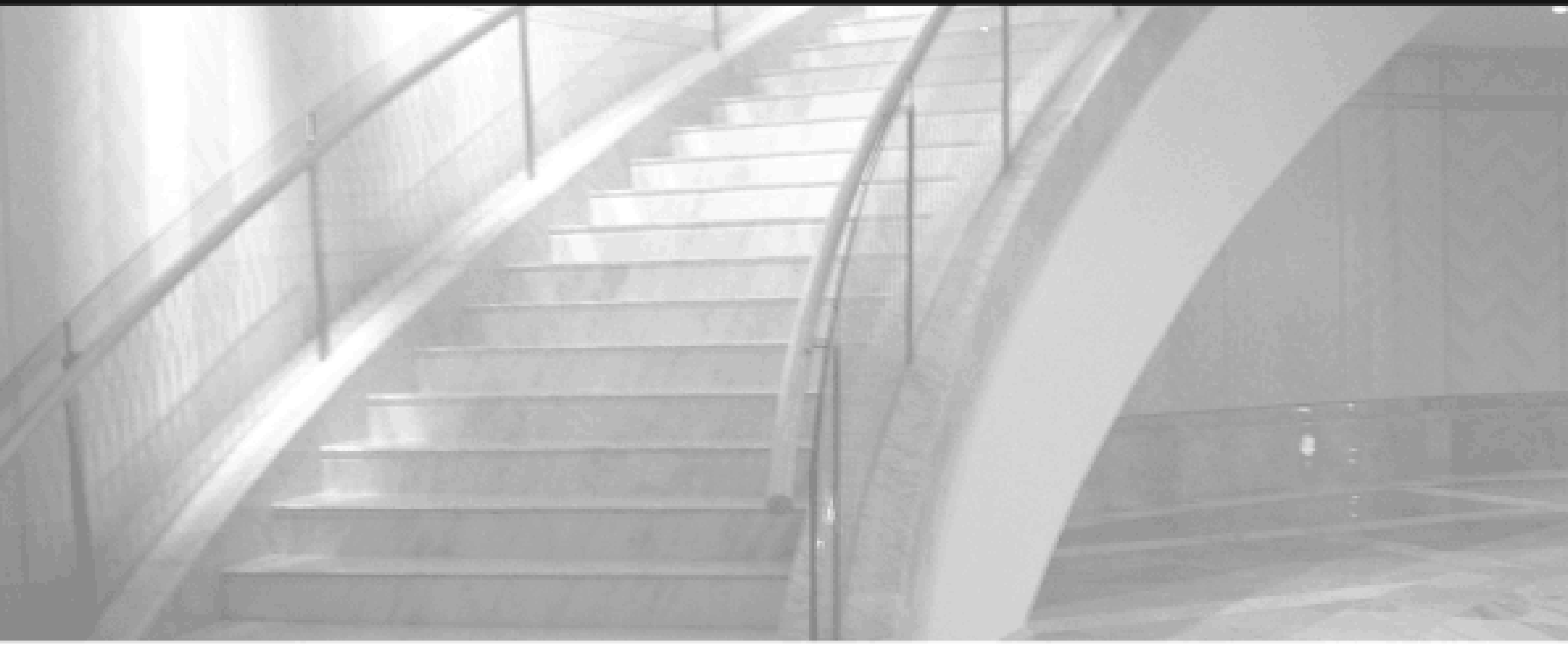
Recurrent Related Party Transactions ("RRPT") of a Trading or Revenue Nature

The aggregate value of transactions conducted during the financial year ended 31 December 2008 was as follows:

Nature of Recurrent Transactions	Related Parties	Amount (RM'000)
Stone installation sub contractor and sale of stones	Aquilabuild Sdn Bhd	708

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2008.



CONTENTS

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 2008.

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 RM'000	THE COMPANY RM'000
Profit/(Loss) after taxation attributable to equity holders of the Company	8,259	(3,325)

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 an amount of RM4,900,000 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
LOI HENG SEWN
CHEONG MARN SENG
LEE CHONG HOE
KHAYAT, YOUSUF MOHAMEDYAQUB Y
WONG HEANG FINE
CHAN YING WEI (CEASED AS ALTERNATE DIRECTOR TO ANDY KWANG JAW TJOAN) (APPOINTED ON 28.04.2008)
NG CHEE YUEN (APPOINTED AS ALTERNATE DIRECTOR TO KHAYAT, YOUSUF MOHAMEDYAQUB Y ON 20.08.2008)
ANDY KWANG JAW TJOAN (RESIGNED ON 28.04.2008)

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			AT
	1.1.2008	BOUGHT	SOLD	31.12.2008
	'000	'000	'000	'000
THE COMPANY				
DIRECT INTERESTS				
DATUK AZIZAN BIN ABD RAHMAN	1,000	-	-	1,000
SEO AIK LEONG	66,784	-	-	66,784
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 any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests 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

The significant events during the financial year are disclosed in Note 44 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 20 APRIL 2009

Datuk Azizan Bin Abd Rahman

Seo Aik Leong

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

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 36 to 76 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 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 20 APRIL 2009

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 36 to 76 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 20 April 2009)

Before me **Chan Ying Wei**

Mohd Radzi bin Yasin
No. W327
Commissioner for Oaths
Kuala Lumpur, Malaysia

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Gefung Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 76.

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements

(c) 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 purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

OTHER MATTERS

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

Horwath
Firm No: AF 1018
Chartered Accountants
20 April 2009

Lee Kok Wai
Approval No: 2760/06/10 (J)
Partner

BALANCE SHEETS

AT 31 DECEMBER 2008

	NOTE	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	103,663	117,893
Property, plant and equipment	7	14,405	13,416	360	533
Mining rights	8	19,838	19,838	-	-
Prepaid land lease payments	9	3,303	3,165	-	-
Investment property	10	788	804	788	804
Intangible assets	11	53,754	61,882	-	-
		92,088	99,105	104,811	119,230
CURRENT ASSETS					
Inventories	12	60,384	58,397	-	-
Amount owing by contract customers	13	1,183	-	-	-
Trade receivables	14	46,662	32,252	-	-
Other receivables, deposits and prepayments	15	13,221	9,411	680	109
Amount owing by a director	16	1,661	-	10,255	-
Amount owing by subsidiaries	17	-	-	7,909	10,792
Tax refundable		464	-	-	-
Fixed deposits with licensed banks	18	3,594	3,866	-	-
Cash and bank balances	19	811	2,296	95	81
		127,980	106,222	18,939	10,982
TOTAL ASSETS		220,068	205,327	123,750	130,212
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	154,800	154,800	154,800	154,800
Other reserves	21	12,590	347	-	-
Accumulated losses		(1,615)	(9,027)	(32,618)	(29,293)
TOTAL EQUITY		165,775	146,120	122,182	125,507
NON-CURRENT LIABILITIES					
Long-term borrowings	22	778	1,307	509	717
Deferred taxation	23	4,559	4,724	-	-
		5,337	6,031	509	717
CURRENT LIABILITIES					
Amount owing to contract customers	13	-	668	-	-
Trade payables	24	6,753	4,248	-	-
Other payables and accruals	25	13,591	6,953	780	582
Amount owing to a director	16	-	6,169	-	3,235
Provision for taxation		2,586	3,597	-	-
Short-term borrowings	26	23,360	20,144	188	171
Bank overdrafts	29	2,666	1,397	91	-
		48,956	53,176	1,059	3,988
TOTAL LIABILITIES		54,293	59,207	1,568	4,705
TOTAL EQUITY AND LIABILITIES		220,068	205,327	123,750	130,212

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	30	75,026	61,159	-	-
COST OF SALES		(58,823)	(38,541)	-	-
GROSS PROFIT		16,203	22,618	-	-
OTHER INCOME		7,505	6,843	11	9
		23,708	29,461	11	9
SELLING AND MARKETING EXPENSES		(2,576)	(2,049)	-	-
ADMINISTRATIVE EXPENSES		(7,971)	(6,811)	(3,278)	(2,280)
OTHER EXPENSES		(447)	-	-	-
FINANCE EXPENSES		(1,938)	(1,579)	(58)	(16)
PROFIT/(LOSS) BEFORE TAXATION	31	10,776	19,022	(3,325)	(2,287)
INCOME TAX EXPENSES	32	(2,517)	(4,274)	-	-
PROFIT/(LOSS) AFTER TAXATION		8,259	14,748	(3,325)	(2,287)
PROFIT/(LOSS) ATTRIBUTABLE TO:- EQUITY HOLDERS OF THE COMPANY		8,259	14,748	(3,325)	(2,287)
EARNINGS/(LOSS) PER SHARE (SEN) - BASIC	33	5.34	9.53		

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

THE GROUP	NOTE	SHARE CAPITAL RM'000	OTHER RESERVES RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2007		154,800	(1,587)	(22,909)	130,304
Foreign currency translation #	21	-	1,068	-	1,068
Transfer to reserve fund	21	-	866	(866)	-
Profit for the financial year		-	-	14,748	14,748
Balance at 31.12.2007/ 1.1.2008		154,800	347	(9,027)	146,120
Foreign currency translation #	21	-	11,396	-	11,396
Transfer to reserve fund	21	-	847	(847)	-
Profit for the financial year		-	-	8,259	8,259
Balance at 31.12.2008		154,800	12,590	(1,615)	165,775
THE COMPANY					
Balance at 1.1.2007		154,800	-	(27,006)	127,794
Loss for the financial year		-	-	(2,287)	(2,287)
Balance at 31.12.2007/ 1.1.2008		154,800	-	(29,293)	125,507
Loss for the financial year		-	-	(3,325)	(3,325)
Balance at 31.12.2008		154,800	-	(32,618)	122,182

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	10,776	19,022	(3,325)	(2,287)
Adjustments for:-				
Allowance for doubtful debts	266	-	-	-
Amortisation of prepaid land lease payments	94	90	-	-
Depreciation of property, plant and equipment	1,775	1,477	56	60
Depreciation of investment property	16	-	16	-
Loss/(Gain) on disposal of plant and equipment	32	(23)	(11)	-
Loss/(Gain) on foreign exchange: - unrealised	344	(431)	-	-
Plant and equipment written off	-	4	-	-
Waiver of debts by a director	(4,900)	(5,474)	-	-
Waiver of debts by other payables	(48)	-	-	-
Interest expense	1,938	1,579	58	16
Interest income	(165)	(101)	-	(9)
Operating profit/(loss) before working capital changes	10,128	16,143	(3,206)	(2,220)
Decrease/(Increase) in inventories	4,324	(5,137)	-	-
(Increase)/Decrease in trade and other receivables	(19,033)	(11,694)	(571)	19
(Decrease)/Increase in trade and other payables	(2,548)	7,688	194	(752)
CASH (FOR)/FROM OPERATIONS	(7,129)	7,000	(3,573)	(2,953)
Interest paid	(1,938)	(1,579)	(58)	(16)
Income tax paid	(4,447)	(3,747)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	(13,514)	1,674	(3,641)	(2,969)

	NOTE	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(13,514)	1,674	(3,641)	(2,969)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	2,883	(8,042)
Interest received		165	101	-	9
Net cash outflow from acquisition of subsidiaries	34	-	(15,612)	-	-
Purchase of property, plant and equipment	35	(2,277)	(1,594)	(20)	(55)
Purchase of investment property		-	(804)	-	(804)
Proceeds from shortfall of profit guarantee from the vendors		6,774	1,333	6,774	1,333
Proceeds from disposal of plant and equipment		325	23	148	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		4,987	(16,553)	9,785	(7,559)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from/(Repayment to) a director		4,014	12,649	(6,030)	10,009
Drawdown of term loans		8,695	7,912	-	640
Increase in bills payable		1,754	2,109	-	-
Repayment of term loans		(8,331)	(7,245)	(135)	(25)
Repayment of hire purchase obligations		(693)	(713)	(56)	(32)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		5,439	14,712	(6,221)	10,592
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,008)	(167)	(77)	64
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		62	369	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,765	4,563	81	17
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36	1,739	4,765	4	81

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. 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-10-6, 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 20 April 2009.

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 also arises from subsidiaries operating in foreign countries which generate revenue and incur costs denominated in foreign currencies.

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

(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.

3. FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(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 risk 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 applicaion of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) **Liquidity and Cash Flow Risks**

The financial statements of the Group 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 Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

4. **BASIS OF PREPARATION**

The financial statements of the Group 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 Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following:

(i) FRSs issued and effective for financial periods beginning on or after 1 July 2007:

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 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

FRS 120 is not relevant to the Group's operations. The adoption of the other standards did not have any material impact on the form and content of disclosures presented in the financial statements

(ii) Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation issued and effective for financial periods beginning on or after 1 July 2007.

The adoption of this amendment did not have any material effect on the financial statements of the Group.

4. BASIS OF PREPARATION (Cont'd)

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 July 2007:

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC Interpretations are not relevant to the Group's operations.

(b) The Group has not adopted the following FRSs and IC Interpretations that have been issued as at the date of visation of these financial statements but are not yet effective for the Group and the Company:

(i) FRS issued and effective for financial periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material effect on the financial statements of the Group upon its initial application.

(ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

FRS 4 is not relevant to the Group's operations. The possible impacts of applying FRS 7 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

IC Interpretation 9 is not relevant to the Group's operations. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

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 able 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 depriciation charges for the property, plant and equipment are based on commercial and production factors which would 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.

5. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

(a) **Critical Accounting Estimates And Judgements** (Cont'd)

(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.

(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) *Contracts*

Contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

- *Contract Revenue*

  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 sometime, 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.

5. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(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.

(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 measure 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 the 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 statement as part of the gain or loss on sale.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December 2008.

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 initially 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 amounts 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.

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:-

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

5. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

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

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance ance 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 re viewed 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.

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 ous 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 pairment 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

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayments for land use rights are 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 terms of the leases ranging from 67 to 98 years.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 statement 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. The cost of raw materials comprises the purchase price and incidentals incurred in bringing the raw materials 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.

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 are 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.

5. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(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 effect of the time value of money is material, the provision is 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**

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

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.

5. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(v) **Revenue Recognition**

(i) *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.

(w) **Income Taxes**

Income taxes for the year comprises 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 substantively 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 profits 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 substantively 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.

5. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(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.

(y) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influence, or be influenced by, that individual in their dealings with the entity.

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
Unquoted shares at cost:-		
In Malaysia	13,255	13,460
Outside Malaysia	104,638	111,207
	117,893	124,667
Less: Refund by Guarantors on profit guarantee shortfall (Note 45)	(14,230)	(6,774)
	103,663	117,893

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %	Principal Activities
Syarikat Bukit Granite Sdn. Bhd.	Malaysia	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs and investment holding.
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	100	Dormant.
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi * #	Republic of Turkey	100	100	Operating a marble quarry and trading of marble blocks.

Notes:-

- Held through Syarikat Bukit Granite Sdn. Bhd.
* - Not audited by Messrs Horwath.

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.1.2008 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	AT 31.12.2008 RM'000
NET BOOK VALUE						
Buildings	6,588	1,635	-	(350)	451	8,324
Plant and machinery	4,655	612	-	(883)	127	4,511
Motor vehicles	1,586	140	(357)	(367)	49	1,051
Office and other equipment	587	95	-	(175)	12	519
	13,416	2,482	(357)	(1,775)	639	14,405

THE GROUP	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	NET BOOK VALUE RM'000
AT 31.12.2008				
Buildings	10,117	(2,244)	451	8,324
Plant and machinery	16,429	(12,045)	127	4,511
Motor vehicles	2,329	(1,327)	49	1,051
Office and other equipment	1,587	(1,080)	12	519
	30,462	(16,696)	639	14,405
AT 31.12.2007				
Buildings	8,450	(1,886)	24	6,588
Plant and machinery	15,774	(11,139)	20	4,655
Motor vehicles	3,198	(1,613)	1	1,586
Office and other equipment	1,516	(931)	2	587
	28,938	(15,569)	47	13,416

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE COMPANY	AT 1.1.2008 RM'000	ADDITION RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2008 RM'000
NET BOOK VALUE					
Motor vehicle	295	-	(137)	(27)	131
Office and other equipment	238	20	-	(29)	229
	533	20	(137)	(56)	360

THE COMPANY	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2008			
Motor vehicle	163	(32)	131
Office and other equipment	292	(63)	229
	455	(95)	360
AT 31.12.2007			
Motor vehicle	327	(32)	295
Office and other equipment	272	(34)	238
	599	(66)	533

Included in buildings of the Group is an asset being constructed on a piece of leasehold land belonging to a third party with a net book value of RM507,000 (2007 - RM336,000).

The net book values 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 2008 RM'000	THE GROUP 2007 RM'000
Buildings	6,000	6,234
Plant and machinery	37	56
Motor vehicles	220	309
Office and other equipment	118	117
	6,375	6,716

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The net book values 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 follows:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and machinery	1,657	1,785	-	-
Motor vehicles	131	295	131	295
	1,788	2,080	131	295

8. MINING RIGHTS

	THE GROUP	
	2008 RM'000	2007 RM'000
Mining rights, at cost	19,838	19,838

The mining rights have lease tenure of 30 years upon the commencement of mining operations. 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	
	2008 RM'000	2007 RM'000
Cost	3,318	3,318
Accumulated amortisation	(207)	(113)
Foreign exchange translation differences	192	(40)
Net book value	3,303	3,165
Accumulated amortisation:-		
At 1.1.2008/2007	(113)	(23)
Amortisation for the financial year	(94)	(90)
At 31.12.2008/2007	(207)	(113)

The leasehold land has 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	
	2008 RM'000	2007 RM'000
Freehold building		
At cost	804	804
Accumulated depreciation	(16)	-
Net book value	788	804
Accumulated depreciation:-		
At 1.1.2008/2007	-	-
Depreciation during the financial year	(16)	-
At 31.12.2008/2007	(16)	-
At fair value	806	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	
	2008 RM'000	2007 RM'000
At 1.1.2008/2007	61,882	68,018
Foreign exchange translation differences	6,102	638
Refund by Guarantors on profit guarantee shortfall	(14,230)	(6,774)
At 31.12.2008/2007	53,754	61,882

(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	
	2008 RM'000	2007 RM'000
Malaysia	1,477	1,907
The People's Republic of China ("PRC")	52,277	59,975
At 31 December	53,754	61,882

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-used calculations are:

At 31 December 2008	Growth Rate	Discount Rate
Malaysia	2.5%	8.0%
PRC	8.0%	8.0%

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 and based on the contracts on hand.

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 on hand.

(iii) Discount Rate

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

(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	
	2008 RM'000	2007 RM'000
At Cost:-		
Raw materials	13,376	18,923
Work-in-progress	5,284	4,437
Finished goods	41,014	34,035
Goods-in-transit	29	491
Consumables	681	511
	60,384	58,397

None of the inventories is carried at net realisable value.

13. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2008 RM'000	2007 RM'000
Contract cost	6,531	727
Attributable profit	607	-
	7,138	727
Progress billings	(5,955)	(1,395)
	1,183	(668)

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

	THE GROUP	
	2008 RM'000	2007 RM'000
The amounts owing by contract customers	1,183	-
The amounts owing to contract customers	-	(668)
	1,183	(668)

14. TRADE RECEIVABLES

	THE GROUP	
	2008 RM'000	2007 RM'000
Trade receivables	47,001	32,323
Allowance for doubtful debts	(339)	(71)
	46,662	32,252
Allowance for doubtful debts:-		
At 1.1.2008/2007	(71)	(71)
Addition during the financial year	(266)	-
Foreign exchange translation differences	(2)	-
At 31.12.2008/2007	(339)	(71)

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	
	2008 RM'000	2007 RM'000
United States Dollar	1,917	668
Chinese Renminbi	37,509	22,997
New Turkish Lira	8	559

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	10,506	6,120	620	42
Deposits	1,847	1,574	24	24
Prepayments	868	1,717	36	43
	13,221	9,411	680	109

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

	THE GROUP	
	2008 RM'000	2007 RM'000
United States Dollar	905	953
Chinese Renminbi	8,982	5,880
Euro	491	482
New Turkish Lira	1,729	1,414

16. AMOUNTS OWING BY/(TO) A DIRECTOR

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shortfall on profit guarantee (Note 45)	14,230	6,774	14,230	6,774
Advances from a director	(17,469)	(18,417)	(3,975)	(10,009)
Waiver of debts (Note 31)	4,900	5,474	-	-
	(12,569)	(12,943)	(3,975)	(10,009)
	1,661	(6,169)	10,255	(3,235)

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand upon the receipt of confirmation in respect of the shortfall on the profit guarantee from the auditors of the Company. The amount owing is to be settled in cash.

17. AMOUNT OWING BY SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

18. 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 fixed deposits were held in trust for the Group by certain directors.

The effective interest rates of the fixed deposits with licensed banks at the balance sheet date ranged from 3.20% to 3.75% (2007 - 3.20% to 3.75%) per annum. The fixed deposits have maturity periods ranging from 4 months to 1 year (2007 - 4 months to 1 year).

19. CASH AND BANK BALANCES

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

	THE GROUP	
	2008 RM'000	2007 RM'000
United States Dollar	18	792
Chinese Renminbi	410	1,326
New Turkish Lira	-	4

20. SHARE CAPITAL

	THE COMPANY			
	2008 NUMBER ('000)	2007 OF SHARES ('000)	2008 RM'000	2007 RM'000
ODINARY SHARE OF RM1 Each:-				
AUTHORISED	490,000	490,000	490,000	490,000
ISSUED AND FULLY PAID UP	154,800	154,800	154,800	154,800

21. OTHER RESERVES

	THE GROUP	
	2008 RM'000	2007 RM'000
Foreign currency translation reserve:-		
At 1.1.2008/2007	(2,015)	(3,083)
Arising from the financial year	11,396	1,068
At 31.12.2008/2007	9,381	(2,015)
Reserve fund:-		
At 1.1.2008/2007	2,362	1,496
Arising from the financial year	847	866
At 31.12.2008/2007	3,209	2,362
Total	12,590	347

21. OTHER RESERVES (Cont'd)

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

(a) Foreign Currency Translation Reserve

Exchange differences arising from the translation of foreign controlled entities are taken to the translation reserve as described in the accounting policies. It also includes exchange differences arising from monetary item that forms part of the Group's net investment in foreign operations.

(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. The reserve fund can be used to offset accumulated losses and to increase capital upon approval by the relevant government authority.

22. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Hire purchase payables (Note 27)	426	806	157	216
Term loans (Note 28)	352	501	352	501
	778	1,307	509	717

23. DEFERRED TAXATION

	THE GROUP	
	2008 RM'000	2007 RM'000
At 1.1.2008/2007	4,724	220
Arising from acquisition of subsidiaries	-	4,524
Recognised in income statement (Note 32)	(165)	(20)
	4,559	4,724

The deferred taxation is attributable to the following:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	4,741	4,739
Unrealised foreign exchange gains - trade	298	-
	5,039	4,739
Deferred tax assets:-		
Allowance for doubtful debts	(83)	(15)
Unabsorbed capital allowances	(80)	-
Unutilised tax losses	(317)	-
	(480)	(15)
	4,559	4,724

24. 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	
	2008 RM'000	2007 RM'000
United States Dollar	47	154
Chinese Renminbi	3,729	1,998
New Turkish Lira	395	621

25. OTHER PAYABLES AND ACCRUALS

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

(i) RM7,872,000 (2007 - RM10,767,000) being the balance of the purchase consideration payable to the vendor for the acquisition of a subsidiary in the previous financial year. The amount owing is unsecured, interest-free and repayable within 12 months;

(ii) an amount of RM1,092,000 in the previous financial year represented the balance of the provision for staff welfare in accordance with the regulations applicable to foreign investment enterprises in The People's Republic of China. The requirement was removed in the previous financial year and the amount has been fully utilised during the current financial year; and

(iii) an amount of RM279,000 (2007 - RM230,000) being an amount owing to a director of a subsidiary. The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

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

	THE GROUP	
	2008 RM'000	2007 RM'000
United States Dollar	7,884	10,767
Chinese Renminbi	4,419	4,494
New Turkish Lira	177	127

26. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trust receipts	8,930	9,193	-	-
Bankers' acceptances	5,068	3,051	-	-
Hire purchase payables (Note 27)	539	514	60	57
Term loans (Note 28)	8,823	7,386	128	114
	23,360	20,144	188	171

26. SHORT-TERM BORROWINGS (Cont'd)

The bankers' acceptances and trust receipts at the balance sheet date bore effective interest rates ranging from 5.19% to 8.25% (2007 - 5.65% to 8.50%) per annum and are secured by:-

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

(ii) a pledge of the fixed deposits with licensed banks as disclosed in Note 18 to the financial statements;

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

(iv) a fixed and floating debenture charged over the present and future assets of a subsidiary, excluding those financed under hire purchase and leasing; and

(vi) a corporate guarantee of the Company.

27. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Minimum hire purchase payments:				
- not later than one year	588	597	69	69
- later than one year and not later than five years	447	860	166	234
	1,035	1,457	235	303
Less: Future finance charges	(70)	(137)	(18)	(30)
Present value of hire purchase payables	965	1,320	217	273
The net hire purchase payables are repayable as follows:				
Current (Note 26):				
- not later than one year	539	514	60	57
Non-current (Note 22):				
- later than one year and not later than five years	426	806	157	216
	965	1,320	217	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 13.0% and 4.4% to 5.1% respectively (2007 - 4.4% to 13.0% and 4.4% to 5.1%) per annum.

27. HIGHER PURCHASE PAYABLES (Cont'd)

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

	THE GROUP	
	2008 RM'000	2007 RM'000
Euro	259	574

28. TERM LOANS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current portion (Note 26):				
- repayable within one year	8,823	7,386	128	114
Non-current portion (Note 22):				
- repayable between one to two years	128	237	128	237
- repayable between two to five years	224	264	224	264
	352	501	352	501
	9,175	7,887	480	615

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

TERM LOAN	NUMBER OF QUARTERLY INSTALMENTS	QUARTERLY INSTALMENTS RM	DATE OF COMMENCEMENT OF REPAYMENT	THE COMPANY AMOUNT OUTSTANDING 2008 RM'000	2007 RM'000
1	20	32,000	5 December 2008	480	615

The term loan of the Company at the balance sheet date bore an effective interest rate of 7.48% (2007 - 7.40%) per annum and are secured by:-

(i) a legal charge over a piece of freehold property as disclosed in Note 10; and
(ii) a corporate guarantee of its subsidiary.

Included in the term loans of the Group at the balance sheet date was an amount of RM8,695,000 (2007 - RM7,272,000) granted to a foreign subsidiary. The amount is repayable in full upon the maturity period of 1 year (2007 - 1 year). The term loan bore an effective interest rate of 6.7% (2007 - 7.4%) per annum is is secured by the leasehold land and building of the foreign subsidiary.

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

	THE GROUP	
	2008 RM'000	2007 RM'000
Chinese Renminbi	8,695	7,272

29. BANK OVERDRAFTS

The bank overdrafts bore an effective interest rate of 8.00% (2007 - 8.25%) per annum at the balance sheet date and are secured in the same manner as the short-term borrowings disclosed in Note 26 to the financial statements.

30. REVENUE

	THE GROUP	
	2008 RM'000	2007 RM'000
Sale of marble slabs and blocks	67,367	51,597
Contract revenue	7,659	9,562
	75,026	61,159

31. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for doubtful debts	266	-	-	-
Amortisation of prepaid land lease payments	94	90	-	-
Amortisation of investment property	16	-	16	-
Audit fee:				
- for the financial year	106	102	75	75
- overprovision in the previous financial year	(4)	-	(5)	-
- other non-statutory services	8	-	8	-
Depreciation of property, plant and equipment	1,775	1,477	56	60
Directors' fees	288	134	288	134
Directors'non-fee emoluments	1,738	1,409	1,184	972
Interest expense:				
- bank overdrafts	233	8	4	-
- bills payable	828	788	-	-
- hire purchase	98	48	12	8
- term loans	779	572	42	8
- others	-	163	-	-
Loss/(Gain) on disposal of plant and equipment	32	(23)	(11)	-
Plant and equipment written off	-	4	-	-
Rental of land	11	-	-	-
Rental of premises	214	346	69	69

31. PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Rental of machinery	226	-	-	-
Staff costs	5,049	4,149	599	160
Waiver of debts by a director	(4,900)	(5,474)	-	-
Waiver of debts by other payables	(48)	-	-	-
Interest income	(165)	(101)	-	(9)
(Gain)/Loss on foreign exchange:				
- realised	(2,226)	(120)	-	-
- unrealised	344	(431)	-	-

32. INCOME TAX EXPENSE

	THE GROUP	
	2008 RM'000	2007 RM'000
Current tax:-		
For the financial year:		
- Malaysian income tax	-	1,037
- Foreign tax	2,727	3,223
	2,727	4,260
(Over)/Underprovision in the previous financial year:		
- Malaysian income tax	(45)	12
- Foreign tax	-	22
	(45)	34
	2,682	4,294
Deferred taxation (Note 23):		
- for the financial year	(273)	(20)
- underprovision in the previous financial year	108	-
	(165)	(20)
	2,517	4,274

32. INCOME TAX EXPENSE (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007 - 27%) 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit/(Loss) before taxation	10,776	19,022	(3,325)	(2,287)
Tax at the statutory tax rate of 26% (2007 - 27%)	2,802	5,136	(864)	(617)
Tax effects of:-				
Non-taxable gains	(1,286)	(1,532)	-	-
Non-deductible expenses	1,048	642	864	617
(Over)/Underprovision in the previous financial year:				
- current tax	(45)	34	-	-
- deferred tax	108	-	-	-
Differential in tax rates in other tax jurisdiction income	(110)	(6)	-	-
Tax for the financial year	2,517	4,274	-	-

33. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM8,259,000 (2007 - RM14,748,000) by the number of ordinary shares in issue during the financial year of 154,800,00 (2007 - 154,800,000).

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 Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana"), a company incorporated in the Republic of Turkey.

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

34. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARIES (Cont'd)

In the previous financial year, the financial results and contribution of Montana to the Group were as follows:-

	THE GROUP 2007 RM'000
(a) For the period from 19.7.2007 (date of completion of acquisition) to 31.12.2007:-	
Revenue	1,339
Profit attributable to shareholders	65
(b) If the acquisition had occurred on 1.1.2007:-	
Revenue	1,339
Profit attributable to shareholders	67

In the previous financial year, the net assets acquired and cash flow arising from the acquisition of subsidiaries were as follows:-

	THE GROUP 2007 RM'000
Mining rights	19,838
Receivables	1,174
Cash and cash equivalents	4
Payables	(876)
Deferred taxation	(4,524)
Purchase consideration to be satisfied by cash	15,616
Less: Cash and cash equivalents of subsidiaries acquired	(4)
	15,612

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of property, plant and equipment	2,482	3,628	20	360
Amount financed through hire purchase	(205)	(2,034)	-	(305)
Cash disbursement for purchase of property, plant and equipment	2,277	1,594	20	55

36. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits with licensed banks	3,594	3,866	-	-
Cash and bank balances	811	2,296	95	81
Bank overdrafts	(2,666)	(1,397)	(91)	-
	1,739	4,765	4	81

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 2008 RM'000	THE GROUP 2007 RM'000	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
Executive directors' remuneration:				
- Salaries, bonus and other emoluments	1,122	1,041	1,006	845
- Defined contribution plans	88	71	88	71
- Estimated money value of benefits-in-kind	90	123	90	50
	1,300	1,235	1,184	966
Executive directors' remuneration of subsidiaries				
- Salaries, bonus and other emoluments	171	88	-	-
- Defined contribution plans	4	-	-	-
- Estimated money value of benefits-in-kind	136	86	-	-
	311	174	-	-
Former executive director's remuneration				
- Salaries, bonus and other emoluments	31	-	-	6
- Estimated money value of benefits-in-kind	96	-	-	-
	127	-	-	6
Non-executive directors' remuneration:				
- Fees	288	134	288	134
Total directors' remuneration including benefits-in-kind	2,026	1,543	1,472	1,106

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 GROUP/THE COMPANY NUMBER OF DIRECTORS	
	2008	2007
EXECUTIVE DIRECTORS:		
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	-	1
RM750,001 - RM800,000	-	1
RM1,050,001 - RM1,100,000	1	-
NON-EXECUTIVE DIRECTORS:		
RM50,000 and below	5	3
RM50,001 - RM100,000	1	1
	8	7

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

38. RELATED PARTY DISCLOSURE

(a) For the purposes of the financial statements, the Group and the Company have related party relationships with:-

(i) its subsidiaries;
(ii) the directors who are the key management personnel; and
(iii) an entity controlled by the directors.

(b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
A related party:				
- purchases	708	-	708	-
The key management personnel compensation (including directors' remuneration:				
- Short-term employee benefits	2,103	1,543	1,549	1,106

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business on terms mutually agreed between the parties.

39. CONTINGENT LIABILITY

	THE COMPANY	
	2008 RM'000	2007 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	16,573	13,363

40. CAPITAL COMMITMENT

	THE GROUP/THE COMPANY	
	2008 RM'000	2007 RM'000
Approved and contracted for:-		
Acquisition of a joint venture company	7,000	10,000

41. SEGMENTAL INFORMATION

(a) Business Segments

31 DECEMBER 2008	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	GROUP RM'000
REVENUE					
External revenue	71,389	3,637	-	-	75,026
Inter-segment revenue	12,324	-	-	(12,324)	-
Total revenue	83,713	3,637	-	(12,324)	75,026
RESULTS					
Segment results	11,435	(354)	(3,267)	-	7,814
Unallocated results					4,900
Finance cost					(1,938)
Profit before taxation					10,776
Income tax expense					(2,517)
Profit after taxation					8,259
ASSETS					
Segment assets	192,849	23,171	3,584	-	219,604
Unalocated assets					464
Total assets					220,068

41. SEGMENTAL INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

31 DECEMBER 2008	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	GROUP RM'000
LIABILITIES					
Segment liabilities	18,979	585	780	-	20,344
Interest bearing instruments					26,804
Unallocated liabilities					7,145
Total liabilities					54,293
OTHER SEGMENT INFORMATION					
Capital expenditure	2,459	3	20	-	2,482
Depreciation and amortisation	1,655	158	72	-	1,885

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	17,315	83	(2,271)	-	15,127
Unallocated results					5,474
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

41. 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
LIABILITIES					
Segment liabilities	23,461	2,530	2,047	-	28,038
Interest bearing instruments					22,848
Unallocated liabilities					8,321
Total liabilities					59,207
OTHER SEGMENT INFORMATION					
Capital expenditure	1,948	1320	1,164	-	4,432
Depreciation and amortisation	1,474	33	60	-	1,567

(b) Geographical Segments

	MALAYSIA RM'000	CHINA RM'000	OTHERS RM'000	GROUP RM'000
31 DECEMBER 2008				
Revenue	15,988	55,401	3,637	75,026
Segment assets	32,120	164,783	23,165	220,068
Capital expenditure	481	1,998	3	2,482
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

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.

42. 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	
	2008	2007
	RM	RM
United States Dollar	3.49	3.32
Euro	4.91	4.82
Chinese Renminbi	0.51	0.46
New Turkish Lira	2.29	2.85

43. 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) Cash and 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.

(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.

(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) 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 2008			
Contingent liability	39	16,573	*
At 31 December 2007			
Contingent liability	39	13,363	*

* 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.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

(a) On 27 September 2007, the Company announced that it proposed to implement a Proposed Private Placement ("PPP") 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 ("SC") and the Foreign Investment Committee had approved the PPP 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 PPP subject to certain conditions.

On 10 October 2008, the Company announced that the SC had vide its letter dated 9 October 2008, approved the Company's application for an extension of time for a further period of six (6) months until 25 April 2009 to complete the PPP.

The PPP is now pending implementation.

(b) 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.

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

It was approved by the shareholders of the Company at an Extraordinary General Meeting ("EGM") held on 25 April 2008.

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

(c) On 13 March 2008, the Company announced that its wholly-owned subsidiary company, Syarikat Bukit Granite Sdn Bhd ("SBG"), had proposed the disposal of 100 ordinary shares of YTL1,000 each in Montana Medencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("MTN"), representing a 100% equity interest in MTN to a 50.01% held joint venture company to be incorporated by the Company with TAWJEEH, for a consideration of USD4,605,000.

The proposed disposal was approved by the shareholders of the Company at an EGM held on 25 April 2008.

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

45. 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 amalgamated audited PBT of 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 RM21,643,200;

(b) the amalgamated audited PBT of SBG Group for the financial year ended 31 December 2007 shall not be less than RM28,083,600 and

(c) the amalgamated audited PBT of SBG Group for the financial year ended 31 December 2008 shall not be less than RM28,330,200.

As at 31 December 2008, an amount for RM14,230,000 (2007 - RM6,774,000) being the shortfall of the profit guarantee for the financial year ended 31 December 2008 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. The shortfall amount is to be settled in cash as disclosed in Note 16 to the financial statements.

46. COMPARATIVE FIGURES

The following comparative figures for financial year ended 31 December 2007 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
CASH FLOW STATEMENT (EXTRACT):-				
Waiver of debt by a director	5,474	-	-	-
(Increase)/Decrease in trade and other receivables	(11,694)	(10,361)	19	1,352
NET CASH FROM/(FOR) OPERATING ACTIVITIES	1,674	8,481	(2,969)	(1,636)
Proceeds from shortfall of profit guarantee from the vendors	1,333	-	1,333	-
NET CASH FOR INVESTING ACTIVITIES	(16,553)	(17,886)	(7,559)	(850)
(Repayment to)/Advances from directors	12,649	7,175	10,009	10,009
NET CASH FROM FINANCING ACTIVITIES	14,712	9,238	10,592	2,550

LIST OF PROPERTIES AT 31 DECEMBER 2008

Location	Description and existing usage	Tenure	Approximate area	Approximate age of building (years)	Year of acquisition	Net book value as at 31.12.2008 RM'000
No 25, Jalan 2/33B, MWE Kepong Commercial Park, Kepong, 52000 Kuala Lumpur, held under Master Titles H.S. (D) 67297 and H.S. (D) 74283 for Lot Nos. 9496 and 10908 respectively, Mukim Batu, Daerah Wilayah Persekutuan.	A four storey shop office	99 years leasehold, expiring in year 2023	149m²(Land)/ 576m²(Built-up)	13	1995	692
No. Lot 3708, Jalan Perusahaan 3, Kamunting Industrial Estate, 34600 Kamunting, Perak, held under title number Pajakan Negeri 108706, Lot No. 16672, Mukim Asam Kumbang, Daerah Larut & Matang, Perak.	A single storey factory	99 years leasehold, expiring in year 2088	8,094m²(Land)/ 2,736m²(Built-up)	14	1994	1,842
AL 136, Kampung Baru Sungai Buloh, 47000 Selangor	Own constructed a single storey factory on a piece of leasehold land belonging to a third party	Renewed tenancy agreement to be expired in year 2011 with option to renew for further term	2,822m²(Land)/ 1,632m²(Built-up)	11	1997	507
Industrial land held under HSD LM 7636, PT No. 5268, Mukin Asam Kumbang, Daerah Larut & Matang, Perak.	An extended single storey factory from Lot 3708	99 years leasehold, expiring in year 2095	8,093m²(Land)/ 2,107m²(Built-up)	11	1997	1,165
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	34,759m²(Land)/ 8,906m²(Built-up)	9	1999	5,604
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)	1	2007	788
Unit 2011, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58m²(Built-up)	1	2007	379
Suite 13-23, Zhongshan East Road, Feng Hua,Zhejiang Province,China	Shop unit	40 years leasehold, expiring in year 2043	97.88m²(Built-up)	-	2008	902
Suite 17,Zhongshan East Road, Feng Hua,Zhejiang Province,China	Office unit	40 years leasehold, expiring in year 2043	108.08m²(Built-up)	-	2008	536

ANALYSIS OF SHAREHOLDING AT 13 APRIL 2009

SHARE CAPITAL

Authorised Capital	RM500,000,000 divided into 490,000,000 Ordinary Shares of RM1-00 each and 100,000,000 Irredeemable Convertible Preference Shares of RM0-10 each
Issued and Paid Up Capital	RM154,800,002
Number of Shares Issued	154,800,002 Ordinary Shares of RM1-00 each
Class of Shares	Ordinary Shares of RM1-00 each and Irredeemable Convertible Preference Shares of RM0-10 each
Number of Shareholders	3899 Ordinary Shareholders
Voting Rights	1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS
(as per Record of Depositors)

Size of Shareholdings	No. of Holders	%	No. of Shares held	% of issued share capital
Less than 100 shares	50	1.28	1,733	0.00
100 to 1,000 shares	2,783	71.38	946,534	0.61
1,001 to 10,000 shares	779	19.98	3,204,440	2.07
10,001 to 100,000 shares	232	5.95	7,325,735	4.73
100,001 to less than 5% of issued shares	52	1.33	27,481,871	17.76
5% and above of issued shares	3	0.08	115,839,689	74.83
TOTAL	**3,899**	**100.00**	**154,800,002**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(as per Register of Substantial Shareholders' Shareholdings)

	No. of shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Seo Aik Leong	66,783,689 (a)	43.14	-	-
PacificQuest	34,056,000	22.00	-	-
Koperasi Permodalan Felda Berhad	15,000,000	9.69	-	-

Note: (a) Held through nominee company.

DIRECTORS' SHAREHOLDINGS
(as per Register of Directors' Shareholdings)

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

Note: (a) Held through nominee company.

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS
(as per Record of Depositors)

No.	Name of Shareholders	No. of shares held	%
1	OSK Nominees (Tempatan) Sdn Berhad OSK Trustees Berhad for Seo Aik Leong	66,783,689	43.14
2	PacificQuest	34,056,000	22.00
3	Koperasi Permodalan Felda Berhad	15,000,000	9.69
4	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai (M05)	4,882,800	3.15
5	Perbadanan Nasional Berhad	4,750,000	3.07
6	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Ng Kok Kee	3,038,378	1.96
7	CitiGroup Nominees (Asing) Sdn Bhd Merrill Lynch International	1,814,100	1.17
8	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Azizan Bin Abd Rahman (100722)	1,000,000	0.65
9	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz	1,000,000	0.65
10	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Chua Eng Lim	910,000	0.59
11	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ah Kam	885,500	0.57
12	Maznah Binti Mohamad	750,000	0.48
13	Teo Chiang Hong	580,000	0.37
14	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	428,000	0.28
15	Lee Heuk Ping	406,000	0.26
16	Chai Chau @ Peh Chai Chau	390,000	0.25
17	Foo Wan Kong	377,000	0.24
18	Phan Tje Mei	370,000	0.24
19	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Lee Siew Ann (CCTS)	329,900	0.21
20	Wang Sze Yao @ Wang Ming Way	308,000	0.20
21	TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Nguk Moi	241,800	0.16
22	Chong Weng Meng	235,000	0.15
23	Wong Chee Kian	230,200	0.15
24	OSK Nominees (Tempatan) Sdn Berhad 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 Berhad 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	Teng Sook Tian	197,000	0.13
30	Lee Siew Ann	170,000	0.11

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth 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 Tuesday, 26 May 2009 at 10.00 a.m. or at any adjournment thereof to transact the following business:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 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 2008. (Resolution 2)

3. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:-

   i Mr Seo Aik Leong (Resolution 3)

   ii Mr Loi Heng Sewn (Resolution 4)

   iii Mr Lee Chong Hoe (Resolution 5)

4. To re-appoint Messrs Horwath as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

SPECIAL BUSINESS

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

5. **ORDINARY RESOLUTION 1**
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES (Resolution 7)

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, 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 ten per cent (10%) of the nominal value of the total issued and paid-up 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 to be in force until the conclusion of the next Annual General Meeting of the Company."

6. **ORDINARY RESOLUTION 2** (Resolution 8)
PROPOSED RENEWAL OF 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 4 May 2009 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 following the AGM at which such mandate was passed, at which time it was lapse, unless by a resolution passed at the AGM whereby 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 extention 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."

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

By Order of the Board

YEOH CHONG KEAT (MIA 2736)
PUA LEI NGOR (MAICSA 7049116)
Company Secretaries

Kuala Lumpur
4 May 2009

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 there of.

Explanatory Notes on Special Business:

1. **Resolution 7**

   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. **Resolution 8**

   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 4 May 2009 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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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

i Mr Seo Aik Leong
ii Mr Loi Heng Sewn
iii Mr Lee Chong Hoe

Details of the abovenamed Directors are set out on pages 5 to 7 of this annual report while their securities holdings in the Company are set out on page 32 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 2008 are set out in the Statement of Corporate Governance on Page 14 of this Annual Report.

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

The Fifth 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 Tuesday, 26 May 2009 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 Fifth 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 Tuesday, 26 May 2009 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 2008 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 2008.		
3.	To re-elect Mr Seo Aik Leong as Director.		
4.	To re-elect Mr Loi Hen Sewn as Director.		
5.	To re-elect Mr Lee Chong Hoe as Director.		
6.	To re-appoint Messrs Horwath as Auditors of the Company.		
	SPECIAL BUSINESS		
7.	**Ordinary Resolution 1** To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	**Ordinary Resolution 2** Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.		

(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 , 2009

____

Signature/Common Seal of Member

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.

Fold here

STAMP

COMPANY SECRETARY

GEFUNG HOLDINGS BERHAD

(654188-H)

SUITE 11.1A, LEVEL 11
MENARA WELD
76 JALAN RAJA CHULAN
50200 KUALA LUMPUR

Fold here

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
Fax : 603-62017286
www.gefung.com.my