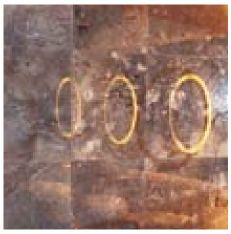
QUALITY IS OUR CLAIM TO FAME

Annual Report 2009



GEFUNG HOLDINGS BERHAD (654188-H)

OUR MISSION

To continuously enhance our product quality and operational effciency.

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

To keep pace with the ever-evolving global dynamics.

OUR VISION

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

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CORPORATE INFORMATION

COMPANY DIRECTORS

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

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

DATO' LIM KIM HUAT
Managing Director
(Appointed on 15 September 2009)

LOI HENG SEWN
Executive Director

KHAYAT, YOUSUF MOHAMED YAQUB Y
Non-Independent Non-Executive Director

CHEONG MARN SENG
Independent Non-Executive Director

AUDIT COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

CHEONG MARN SENG
Member

WONG HEANG FINE
Member
(Appointed on 12 November 2009)

NOMINATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member
(Appointed on 15 September 2009)

REMUNERATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

DATO' LIM KIM HUAT
Member
(Appointed on 15 September 2009)

CHEONG MARN SENG
Member
(Appointed on 15 September 2009)

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

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

Tricor Investor Services Sdn. Bhd.
(formerly known as Tenaga Koperat Sdn. Bhd.)
Level 17, The Garden North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel : 03 2264 3883
Fax : 03 2282 1886

AUDITORS

Crowe Horwath (formerly known as Horwath)

PRINCIPAL BANKERS

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

WEBSITE

www.gefung.com.my

STOCK EXCHANGE

Main Board of Bursa Malaysia Securities Berhad
Stock Name : GEFUNG
Stock Number : 7086

CORPORATE STRUCTURE

GEFUNG HOLDINGS BERHAD (654188-H)

100%
Syarikat Bukit Granite Sdn. Bhd. (Malaysia)

100%
Shanghai Ge Fung Marble & Granite Co. Ltd. (China)

100%
SBG Trading (Labuan) Ltd. (Malaysia)

100%
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey)

DIRECTORS' PROFILE

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

YBhg Datuk Azizan bin Abd Rahman, DMSM, was appointed as an Independent Non-Executive Director of Gefung Holdings Berhad ("Gefung" or "the Company") on 28 September 2006 and was subsequently appointed as Chairman of the Company on 1 December 2006. He is also the Chairman of the Audit, Nomination and Remuneration Committees.

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 Apex Equity Holdings Berhad, Ramunia 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 other than traffic offences.

Datuk Azizan has a direct shareholding of 1,000,000 ordinary shares of RM1.00 each in the Company. He attended all the five (5) Board of Director's Meetings of the Company held during the financial year ended 31 December 2009.

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

Mr Wong was appointed as Director on 15 November 2007 and as Deputy Chairman of Gefung on 20 February 2008. He was appointed as a member of the Audit Committee on 12 November 2009.

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 a Director of CapitaLand ILEC (Integrated Leisure, Entertainment and Conventions) Pte. Ltd. and CapitaLand GCC Holdings Pte. Ltd and the CEO of Mubadala CapitaLand Real Estate LLC.

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.

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

He attended three (3) of the five (5) Board of Director's Meetings of the Company held during the financial year ended 31 December 2009.

DIRECTORS' PROFILE

Dato' Lim Kim Huat
(50 years of age - Malaysian)
Managing Director

Dato' Lim was appointed as Managing Director of the Company and a member of the Remuneration Committee on 15 September 2009.

He is a certified public accountant by profession and is a member of The Malaysian Institute of Certified Public Accountants.

He started his career with PricewaterhouseCoopers in Kuala Lumpur in 1980 before moving on to the commercial sector. Through his involvement as senior management personnel with various companies in Malaysia, Dato' Lim has extensive exposure and experience in diverse industries such as manufacturing, trading, property development, leisure and entertainment and food services.

Dato' Lim sits on the board of Sunrise Berhad and Widetech (Malaysia) 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 other than traffic offences.

Dato' Lim has a direct shareholding of 39,000,000 ordinary shares of RM1.00 each in the Company. He attended one (1) Board of Director's Meeting of the Company held following his appointment during the financial year ended 31 December 2009.

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Khayat, Yousuf Mohamed Yaqub Y
(53 years of age - Saudi Arabian)
Non-Independent Non-Executive Director

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Mr Yousuf 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 Yousuf 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, Egypt Hydrocarbon Corporation, Egypt and PSJI, a Mexico-based real estate development company.

Mr Yousuf is also a Non-Independent Non-Executive Director of Green Packet Berhad. He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years other than traffic offences.

He attended three (3) of the five (5) Board of Director's Meetings of the Company held during the financial year ended 31 December 2009.

DIRECTORS' PROFILE

Loi Heng Sewn
(50 years of age - Malaysian)
Executive Director

Mr Loi was appointed as Non-Executive Director of Gefung on 28 September 2006 and he was redesignated as Executive Director on 12 November 2009. He was appointed as a member of the Nomination Committee on 15 September 2009 and resigned as a member of the Audit Committee on 12 November 2009.

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 the Company.

Mr Loi 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 other than traffic offences.

Mr Loi has a direct shareholding of 2,000,000 ordinary shares of RM1.00 each in the Company. He attended four (4) of the five (5) Board of Director's Meetings of the Company held during the financial year ended 31 December 2009.

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Cheong Marn Seng, Allen
(45 years of age - Malaysian)
Independent Non-Executive Director

Mr Cheong 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 was appointed as a member of the Remuneration Committee on 15 September 2009.

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.

Mr Cheong has since 2001 been an executive director of Lien Hoe Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and has businesses in property investment, property development, building and civil contracting works and hotel. He is also a director of Perduren (M) 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 other than traffic offences.

Mr Cheong has a direct shareholding of 9,000 ordinary shares of RM1.00 each in the Company. He attended all the five (5) Board of Director's Meetings of the Company held during the financial year ended 31 December 2009.

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CHAIRMAN'S STATEMENT





Dear valued shareholders,

I take pleasure in presenting you with of the Annual Report and Audited Financial Statements of Gefung Holdings Berhad ("Gefung" or "the Company") for the financial year ended 31 December 2009.

Over the years, Gefung has developed an international reputation as a good processor and trader of high-quality marble and granite. We are widely admired for our exquisite workmanship as well as our extraordinary attention to detail. We participate in large-scale government projects as well as commercial endeavours, while maintaining a presence in the retail arena especially in China.

We import marble from quarries in Turkey, Indonesia, Iran and other Mediterranean Countries, which are the global major source of marble stones.

For the financial year ended 31 December 2009, the performance of Gefung does not seem very favourable due to the impact from the global economic crisis which resulted in delay of projects in China, lower margin projects and yields on certain materials, increasing cost and provisions of doubtful debts.

However, I am heartened that our new management has demonstrated tremendous vision and dynamism in charting a new course for the Company. New policies and procedures have been implemented and they would provide positive impact on the Company's performance.

CHAIRMAN'S STATEMENT






I regard 2010 with great optimism because the global demand for marble and granite products are to grow by 14% and the Company has RM45 million worth of unbilled projects on hand including projects in Abu Dhabi, UAE.

In Malaysia, the GDP is projected to grow by around/approximately 4.9% to 5.4% and the domestic property and construction industry is forecasted to expand by 3.2%. Gefung has abundant opportunities for growth as currently Gefung only capture a 6% share of the domestic stone market which was valued at RM220.4 million in 2008.

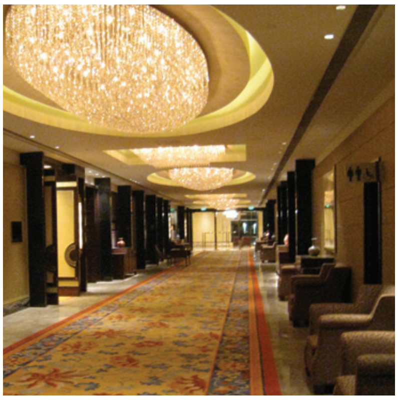
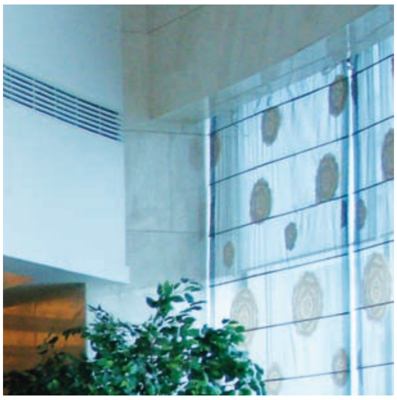
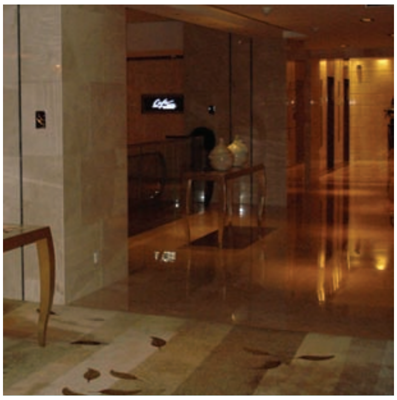
Our operations in China are also expected to do well in 2010 as the country is forecasted to experience GDP growth of 10%. Presently, we are looking forward to securing potential contracts from established developers like Wharf and Kerry Properties and Sun Hung Kai. To date, we have tendered for projects that are worth RM42 million to the Company and we usually achieve a good success rate. Our exquisite products are used in the recently completed Ritz Carlton and Wheelock Times Square projects, where they can be admired by other potential customers.

On behalf of the Board, I wish to express my appreciation to our stakeholders, shareholders, customers, business associates, vendors and financiers for their invaluable support for the Company. I also wish to thank my fellow directors for their expertise and advice.

I would like to take opportunity to welcome Dato' Lim Kim Huat, our new Managing Director/Chief Executive Officer who has joined us and to take the lead to drive Gefung to new heights. I must also comment that in the few months Dato' Lim joined the Board, he has made very significant contributions to the Group. Undoubtedly, Gefung will forge ahead to attain new heights of success in 2010 and we have to work harder ahead of us to achieve better results in the near future.

Datuk Azizan bin Abd Rahman
Chairman

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

Gefung earned a revenue of RM42.5 million in 2009 down from RM75.0 million in 2008 and loss after tax of RM17.8 million for the year compared to profit after tax of RM8.3 million in 2008. The Company's performance was affected by the global economic crisis where certain projects with a value of approximately RM10 million were delayed, lower profit margins due to lower yield on certain materials sold, increase in labour costs of RM1.2 million, provision for doubtful debts and bad debts written off of RM7.3 million, write down of inventories amounting to RM1.5 million and final account adjustments of RM1.0 million.

In 2009, Gefung also extended its market to selected Middle East markets such as Abu Dhabi. The Company recently completed its maiden project in Abu Dhabi called Al Reems Island while starting its supplies of materials to Rihan Heights in Zayed Sports City, Abu Dhabi. Meanwhile, in Malaysia, Gefung completed projects such as KL Pavilion Residences, Tower B & C of KL Sentral commercial development and The Binjai luxury apartments. In China, the Group undertook projects such as Ningpo Shangri-La, Manzhouli Shangri-La and Ulan Bator Shangri-La for the Shangri-La Hotel Group. The major projects currently undertaken include WHARF Wheelock Times Square in China and Ritz Carlton Pudong.

GROWTH STRATEGY

The Company's growth strategy encompasses the reorganization of upstream activities, the expansion of retail activities and the expansion of activities in China.

The reorganization of the Company's upstream activities includes the securing of a consistent supply of marble blocks, better control over the pricing and quality of the marble blocks produced, monopolizing the supply of a specific type of marble in the global market, preparing a vehicle for future acquisition of other quarry licences and diversifying the types of marble that the Company supplies.

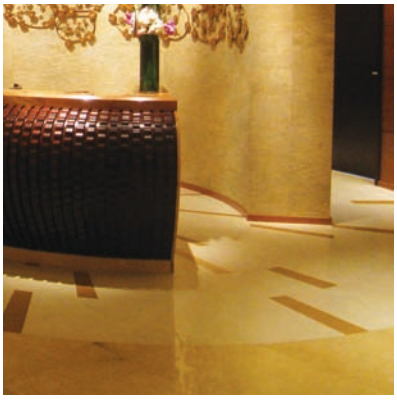
The Company's expansion in retail activities involves the adoption of a fast turnaround strategy, which is based on a wholesale business model:

1) Shorten the processing time;

2) Improve cash flow position; and

3) Increase income streams by selling marble slabs.

The expansion of the Company's network in China includes strengthening its operations team, supplying its products to more places across the country, capitalizing on the urbanization process in China and working together with established developers.



LOOKING FORWARD

Due to the robust economic recovery that is taking place across Asia, the Company is optimistic about its performance in 2010. In addition, the Company's new business model will be undertaken soon and it should provide fresh impetus for growth.

A group procurement team will be formed to take charge of the inspection and selection of raw materials as well as the sourcing of new materials. Efforts will also be made to improve the retail arm of the Company's business while widening its customer base. Operational efficiency, cash flow management and cost control management will be upgraded in order to improve the Company's profitability. With the introduction of new internal policies and procedures as well as the enhancement of corporate governance, continuous improvements have also been achieved in the area of credit and inventory management.

Gefung is forging ahead into a vibrant future because of the increasing demand for its products, especially in China where there is major population growth, rapid development of new cities, dramatic economic expansion and fast development of key industries. With the global demand growth rate at 14% for the Stone Industry and the Group having RM45 million worth of unbilled projects on hand and is still aggressively seeking new business opportunities, we can expect the Company's performance to pick up in 2010.

Dato' Lim Kim Huat
Managing Director

CORPORATE SOCIAL RESPONSIBILITY

Charity and Social Activities

At Gefung Holdings Berhad ("Gefung" or "the Company"), we are fully committed to fulfilling our corporate responsibilities. Since 2007, the Company has been providing support to Grace Community Services Centre (GCSC). In 2009, the staff of Gefung has visited Compassion Home in Subang Jaya which is part of GCSC. Its residents are children with ages that range from 5 to 17. The home offers orphans and children who are abandoned, abused and neglected with shelter, care and love.

Great care is taken to provide them with a good upbringing so that they can look forward to enjoying a bright future.

Our team spent half a day with its residents. Our employees thrilled the children with fabulous gifts, and played games as well as sang songs with them. We also treated everyone at the home to a truly scrumptious lunch.

Our visit to Compassion Home was a wonderful success that brought a great deal of joy to its children. In addition, the visit reminded our employees of their ability to spread happiness through community service. Gefung is always searching for meaningful ways to serve society and we are confident that we will be doing even more in the future.

Training and Development

Gefung has also organized TeamWork Development and Training programmes for the employees to get themselves involves in teambuilding activities such as internal Training Weekend Retreat with "Building Winning Teams Thriving on Challenges" at Bukit Tinggi. These activities will help boost the moral of staffs, develop better working attitudes, motivation skills and unity within the company.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Gefung Holdings Berhad ("the Company") recognizes the importance of practising good corporate governance and is fully committed to ensuring that the Group practices the highest standard of corporate governance in line with the Malaysian Code on Corporate Governance [Revised 2007] ("the Code") to achieve the Group's governing objective of maximising shareholders' value.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The statement below details out the commitment of the Board towards good corporate governance principles set out in Part 1 of the Code and the extent to which it has applied and complied with the best practices set out in Part 2 of the Code throughout the financial year ended 31 December 2009.

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 six (6) Directors of which two (2) are Executive Directors, two (2) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors. The profiles of the Directors are set out on pages 5 to 7 of this Annual Report.

The Board has complied with paragraph 15.02 (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires that at least two (2) Directors or one-third (1/3) of the Board Members of the Company, whichever is higher, are independent.

In the event of any vacancy in the Board of Directors of the Company, resulting in non-compliance with Paragraph 15.02 (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company shall fill the vacancy within three (3) months of that event.

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 communities 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.

STATEMENT OF CORPORATE GOVERNANCE

3. Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were five (5) board meetings held during the financial year ended 31 December 2009 and the attendance record (including Company Secretary's attendance) is as follows:-

Directors	Meetings attended
Datuk Azizan bin Abd Rahman	5 out of 5
Mr Wong Heang Fine	3 out of 5
Dato' Lim Kim Huat [Appointed on 15 September 2009]	1 out of 1
Mr Khayat, Yousuf Mohamed Yaqub Y	3 out of 5
Mr Loi Heng Sewn	4 out of 5
Mr Cheong Marn Seng	5 out of 5
Mr Seo Aik Leong [Resigned on 15 September 2009]	3 out of 4
Mr Lee Chong Hoe [Resigned on 27 August 2009]	3 out of 4
Mr Chan Ying Wei [Resigned on 27 August 2009]	4 out of 4
Mr Ng Chee Yuen (Alternate to Khayat, Yousuf Mohamed Yaqub Y) [ceased as Alternate Director on 2 September 2009]	3 out of 4
Company Secretary	5 out of 5

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 Company's Articles of Association, the Directors shall have power from time to time and at any time to appoint additional Directors either to fill a casual vacancy or as an addition to the Board. A Director so appointed shall retire from office at the close of the next Annual General Meeting of the Company, but shall be eligible for re-election.

The Company's Articles of Association also provide that an election of Directors shall take place each year. At the Annual General Meeting in every year, any newly appointed Director that bound to retire and one-third of the other Directors (including the Managing Director) for the time being, or if the number is not a multiple of three, then the number nearest to one-third, shall retire from office so that all Directors (including the Managing Director) shall retire from office once at least in each three (3) 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 Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Group Executive Director and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations by the Management. The issues will then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and independent professional advice, whenever necessary, at the expense of the Group. The appointment and removal of Company Secretary are matters for the Board as a whole.

6. Directors' Remuneration

The objective of the Group is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration of the Executive Directors is performance related which are if not higher are compatible to the market rate in order to attract, motivate and retain them to run the Company. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

Details of Directors' remuneration for the financial year ended 31 December 2009 are set out below:-

Remuneration	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Directors' fees	-	260	260
Salaries, bonus and other emoluments	150	-	150
Defined contribution plan	18	-	18
Total	168	260	428

The number of Directors whose total remuneration for the financial year ended 31 December 2009 fall within the respective bands is as follows:-

	Number of Directors	
Range of remuneration	**Executive**	**Non-Executive**
RM1 to RM50,000	2	3
RM50,001 to RM100,000	-	1
Total	2	4

7. Board Committee

The Board has set up Board Committees to delegate specific powers and responsibilities, all of which have their own written constitutions and terms of reference. The Chairman of the Committees report back to the Board the outcomes and recommendations thereon and minutes of such Committee meetings will be tabled for the Board's notation. However, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board Committees for the financial year ended 31 December 2009 are as follows:-

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

STATEMENT OF CORPORATE GOVERNANCE

8. Directors' Training

The Directors of the Company had attended the following trainings during the financial year ended 31 December 2009 other than Dato' Lim Kim Huat and Mr Cheong Marn Seng who were tied up with their heavy work commitments:-

Name of Directors	Date of Training	Subject
Datuk Azizan Bin Abd Rahman	13.03.2009 03.08.2009	Asia's New Competitive Games IFN 2009 Issuers & Investors Asia Forum
Mr Wong Heang Fine	09.03.2009 28.04.2009 to 30.04.2009	Leadership Forum United Arab Emirates (UAE) Global Investment Forum
Mr Loi Heng Sewn	25.05.2009	FRS Updates, Introduction to FRS 139 and Revamped Listing Requirements
Mr Khayat, Yousuf Mohamed Yaqub Y	25.05.2009	FRS Updates, Introduction to FRS 139 and Revamped Listing Requirements

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.

B. SHAREHOLDERS

1. Relationship with Shareholders and Investors

The Board values dialogue with its shareholders and investors through the maintenance of an open communication policy with investors and shareholders alike. In ensuring effective communication, the various means and forums such as press releases, public announcements on quarterly basis, annual report, disclosures to the Bursa Malaysia Securities Berhad and other Group activities are made.

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 its published Annual Report and Quarterly 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 dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

C. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

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

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

2. Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 31 December 2009

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2009, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

The above Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 20 April 2010.

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 on pages 26 to 27 of this Annual Report.

4. Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee also met with the external auditors to discuss their audit plan, audit findings and the financial statements.

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 of the Malaysian Code on Corporate Governance [Revised 2007] and the Board will continue to promote and improve excellence in corporate conduct within the Company and the Group.

This Statement of Corporate Governance was approved by the Board of Directors on 20 April 2010.

AUDIT COMMITTEE REPORT

The Audit Committee ("the Committee") of Gefung Holdings Berhad ("the Company") is pleased to present the following report for the financial year ended 31 December 2009.

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 Non-Executive Directors, with a majority of them being Independent. A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2009 and the details of attendance (including Company Secretary's attendance) are as follows:-

Director	Designation	Attendance
Datuk Azizan bin Abd Rahman	Chairman, Independent Non-Executive Director	5/5
Mr Cheong Marn Seng	Member, Independent Non-Executive Director	5/5
Mr Wong Heang Fine [Appointed on 12 November 2009]	Member, Non-Independent Non-Executive Director	N/A
Mr Loi Heng Sewn [Resigned on 12 November 2009]	Member, Executive Director	4/5
Company Secretary		5/5

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 Independent Director.

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

AUDIT COMMITTEE REPORT

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 Chief Financial Officer, the representatives of the internal auditors and external auditors will attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.

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

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

Authority

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

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

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

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

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

AUDIT COMMITTEE REPORT

Functions and Duties

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

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

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

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

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

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

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

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

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

(h) the quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:-

(i) changes in or implementation of major accounting policies and practices;
(ii) significant and unusual events;
(iii) significant adjustments arising from the audit;
(iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
(v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;

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

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

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

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

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

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

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

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

AUDIT COMMITTEE REPORT

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 2009. During the financial year, the Audit Committee had undertaken the following activities:-

(a) Reviewed the quarterly financial results for the quarters ended 31 December 2008, 31 March 2009, 30 June 2009 and 30 September 2009 before recommending the same for Board's approval and release to Bursa Securities;

(b) Reviewed together with the External Auditors the audited financial statements for the financial year ended 31 December 2008 for tabling to the Board of Directors;

(c) Reviewed and discussed with the 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 the External Auditors and the audit fees; and

(f) Reviewed the draft Audit Committee Report and Statement on Internal Controls for inclusion in the 2008 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 tasks 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 on the implementation of their recommendations 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 purchases and accounts payable control functions of the subsidiaries of the Company namely Shanghai Ge Fung Marble & Granite Co Ltd ("SGMG") and Syarikat Bukit Granite Sdn Bhd ("SBG");
(b) follow up audit review on the inventory control function of SBG;
(c) follow up audit review on the purchases and accounts payable control functions of SGMG; and
(d) audit review on the fixed assets control function of SBG.

This Audit Committee Report is made in accordance with the resolution passed at the Board of Directors' meeting held on 20 April 2010.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee ("the Committee") of Gefung Holdings Berhad ("the Company") is pleased to present the following report for the financial year ended 31 December 2009.

COMPOSITION OF REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises:-

Director	Designation
Datuk Azizan bin Abd Rahman	Chairman, Independent Non-Executive Director
Dato' Lim Kim Huat *(Appointed on 15 September 2009)*	Member, Managing Director
Mr Cheong Marn Seng *(Appointed on 15 September 2009)*	Member, Independent Non-Executive Director
Mr Seo Aik Leong *(Resignd on 15 September 2009)*	Member, Managing Director
Mr Lee Chong Hoe *(Resigned on 27 August 2009)*	Member, 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.

REMUNERATION COMMITTEE REPORT

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

(i) 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 and recommend the same to the Board of Directors for approval.

(ii) The Committee has via the following Circular Resolution reviewed the following proposal and has recommended the same to the Board of Directors for approval:-

No.	Subject	Date
1.	Salaries of Executive Directors	12.11.2009

(iii) The Committee met on 20 April 2010 after the close of the financial year ended 31 December 2009 to review the remuneration packages of the Executive Directors of the Company as well as Directors' fees for the financial year ending 31 December 2010.

NOMINATION COMMITTEE REPORT

The Nomination Committee ("the Committee") of Gefung Holdings Berhad ("the Company") is pleased to present the following report for the financial year ended 31 December 2009.

COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:-

Director	Designation
Datuk Azizan bin Abd Rahman	Chairman, Independent Non-Executive Director
Mr Cheong Marn Seng	Member, Independent Non-Executive Director
Mr Loi Heng Sewn *(Appointed on 15 September 2009)*	Member, Executive Director
Mr Lee Chong Hoe *(Resigned on 27 August 2009)*	Member, Independent Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

Constitution

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

The Best Practices of the Malaysian Code on Corporate Governance [Revised 2007] recommend the Nomination Committee to compose exclusively of non-executive directors, a majority of whom are independent. The Board is of the opinion that the Executive Director should serve as a member on the Nomination Committee as he is able to advise on the suitability and capability of the new appointment to the Board due to his extensive knowledge and experience in the Group.

Membership

* The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise mainly 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.

NOMINATION COMMITTEE REPORT

Re-election of Directors & Retirement of Directors by Rotation

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

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

Reporting Procedures

* The actual decision as to who shall be appointed to the Board and Senior Management should be the responsibility of the full board after considering the recommendations of the Committee.

* Reporting to the full board from time to time its recommendations for consideration and implementation.

ACTIVITIES OF THE NOMINATION COMMITTEE

(i) 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.

(ii) The Committee has via the following Circular Resolutions reviewed the following proposals and has recommended the same to the Board of Directors for approval:-

No.	Subject	Date
1.	Resignation of Mr Lee Chong Hoe and Mr Chan Ying Wei as Directors of the Company	27.08.2009
2.	Cessation of Mr Ng Chee Yuen as Alternate Director to Mr Khayat, Yousuf Mohamed Yaqub Y	02.09.2009
3.	Resignation of Mr Seo Aik Leong as Director of the Company / Nomination of Mr Loi Heng Sewn for appointment as an additional Nomination Committee Member	15.09.2009
4.	Nomination of Dato' Lim Kim Huat for appointment as Managing Director of the Company / Nomination of Dato' Lim Kim Huat and Mr Cheong Marn Seng for appointment as additional Remuneration Committee Members	15.09.2009
5.	Nomination of Dato' Lim Kim Huat, Mr Loi Heng Sewn and Mr Liew Ken Fuan for appointment as Directors of Shanghai Ge Fung Marble & Granite Co Ltd, a wholly-owned subsidiary of the Company	16.09.2009
6.	Approval of Proposed Amendments to the Terms of Reference of the Nomination Committee	12.11.2009

(iii) The Committee met on 20 April 2010 after the close of the financial year ended 31 December 2009 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.

STATEMENT OF INTERNAL CONTROL

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 summarised as follows:-

(a) Control Environment

The Group has an organizational structure for planning, controlling and monitoring business operations in order to achieve the Group's objective. Management of each operating unit has clear responsibility for identifying risk affecting their unit and the overall Group's business as a whole. They are also charged with instituting adequate procedures and internal controls to mitigate and monitor such risks on an ongoing basis.

(b) Audit Committee

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

(c) Risk Management

The Board together with the assistance of a professional firm will undertake to review the existing risk management process in place within the various business operations, with the aim of formalising 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) Code of Business Ethics

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.

(f) Policies and Procedures

Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations. Regular reviews are performed to ensure that documentation remains current and relevant.

STATEMENT OF INTERNAL CONTROL

Internal Audit Function

The Group had outsourced its internal audit function to an independent professional consultancy firm to review the adequacy and integrity of the internal control system of the Group.

The internal audit function, led by the outsourced Internal Auditors, performed reviews on key processes within the Group and assessed the effectiveness of the internal control system. The Audit Committee is kept informed of the full audit process starting from the annual audit plan to the audit findings and reporting, and would thereafter report and make recommendation to the Board of Directors. The Senior Management is responsible for ensuring that corrective actions are taken within the stipulated time frame on the reported weaknesses.

The Company has incurred approximately RM27,833.00 for the internal audit work conducted within the Group for the financial year ended 31 December 2009.

Review of the Statement on Internal Control

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the financial year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

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 save for the findings highlighted by the auditors. 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.

The above Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 20 April 2010.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with paragraph 9.25 of the Main market Listing Requirement as set out in Appendix 9C thereto.

1. Utilisation of Proceeds

The proceeds raised from the Proposed Disposal of Mining Rights of USD2,243,779 as disclosed under Note 43 of the Audited Financial Statements for the financial year ended 31 December 2009 (page 72 of the Annual Report) have been fully utilized as working capital of the Company.

2. Share Buy-Back

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

3. Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

4. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year.

5. 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.

6. Non-Audit Fees

The amount of non-audit fees paid to the external auditors being services rendered on review of the Statement of Internal Control for the financial year ended 31 December 2009 is RM3,000.00.

7. 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.

8. Profit Guarantee

There was no profit guarantee for the financial year.

9. 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 or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

10. Revaluation Policy on Landed Properties

The Group has not adopted a revaluation policy on its landed properties during the financial year.

ADDITIONAL COMPLIANCE INFORMATION

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

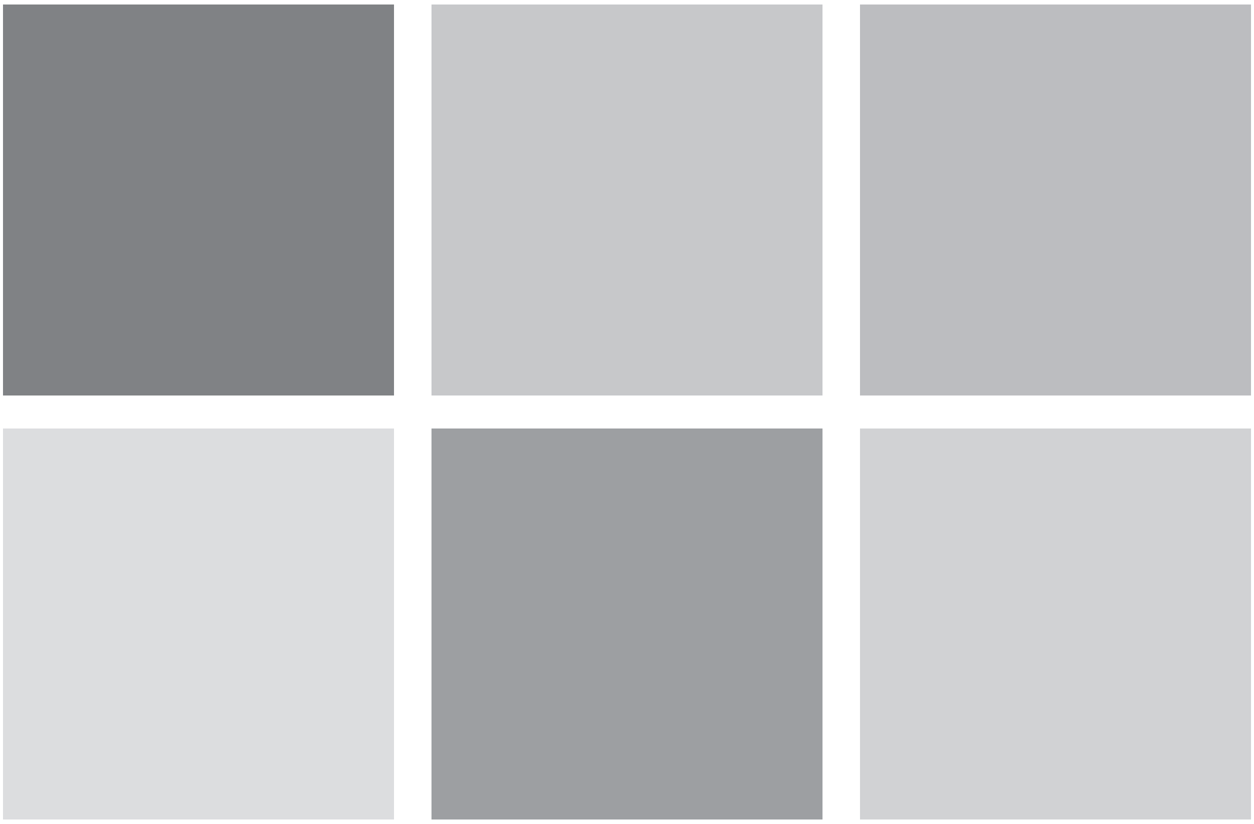
Breakdown of the aggregate value of the RRPT conducted pursuant to the RRPT Mandate obtained at the Annual General Meeting held on 26 May 2009 is as follows:-

Type of the RRPT	Related Parties involved	Relationship of the Related Parties with Gefung Holdings Berhad ("Gefung")	Actual Aggregate Value Transacted[Note b] (RM)
Sale of consumable material and provision of stone Installation and other related services by Aquilabuild to Syarikat Bukit Granite Sdn Bhd ("SBG")	Aquilabuild Sdn Bhd ("Aquilabuild")	Seow Lea Tin[Note a]	239
Sale of stones and provision of contract workmanship and other related services by SBG to E & O Group	Eastern & Oriental Berhad and its subsidiaries ("E & O Group")	Datuk Azizan Bin Abd Rahman, a Director and shareholder of Gefung, is also a Director of E & O Group.	Nil
Sale of stones and provision of contract workmanship and other related services by SBG to CapitaLand ILEC	CapitaLand ILEC Pte. Ltd. and its subsidiaries ("CapitaLand ILEC")	Mr Wong Heang Fine, a Director of Gefung, is also a Chief Executive Officer of CapitaLand ILEC.	Nil

Notes:

(a) Seow Lea Tin is the sibling to Seo Aik Leong, who was the former Managing Director and substantial shareholder of Gefung and also the former Director of SBG. Seow Lea Tin is also the daughter to Siw Seng Chiw @ Seo Seng Chew, who was the former director of SBG. Seow Lea Tin is the Director and substantial shareholder of Aquilabuild Sdn Bhd.

(b) The above actual value of RRPT is for the period from 26 May 2009 to 22 April 2010.



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

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
Loss for the financial year attributable to equity holders of the Company	(17,880)	(2,939)

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 all known bad debts had been written off 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 further 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 38 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

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
DATO' LIM KIM HUAT (APPOINTED ON 15.09.2009)
LOI HENG SEWN
KHAYAT, YOUSUF MOHAMED YAQUB Y
WONG HEANG FINE
CHEONG MARN SENG
SEO AIK LEONG (RESIGNED ON 15.09.2009)
LEE CHONG HOE (RESIGNED ON 27.08.2009)
CHAN YING WEI (RESIGNED ON 27.08.2009)
NG CHEE YUEN (ALTERNATE DIRECTOR TO KHAYAT, YOUSOF MOHAMED YAQUB Y) (CEASED ON 2.09.2009)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.1.2009/ DATE OF APPOINTMENT	BOUGHT	SOLD	AT 31.12.2009
THE COMPANY	'000	'000	'000	'000
DIRECT INTERESTS				
DATUK AZIZAN BIN ABD RAHMAN	1,000	-	-	1,000
DATO' LIM KIM HUAT	39,000	-	-	39,000
LOI HENG SEWN	-	2,000	-	2,000
CHEONG MARN SENG	9	-	-	9

By virtue of his substantial shareholding in the Company, Dato' Lim Kim Huat 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' REPORT

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 37 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 EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 20 APRIL 2010

Datuk Azizan Bin Abd Rahman

Dato' Lim Kim Huat

STATEMENT BY DIRECTORS

We, Datuk Azizan Bin Abd Rahman and Dato' Lim Kim Huat, being two of the directors of Gefung Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 37 to 72 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 2009 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 2010

Datuk Azizan Bin Abd Rahman **Dato' Lim Kim Huat**

STATUTORY DECLARATION

I, Chan Ying Wei, the Officer primarily responsible for the financial management of Gefung Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 72 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by	)
Chan Ying Wei	)
at Kuala Lumpur in the Federal Territory	)
on this 20 April 2010	)

Before me **Chan Ying Wei**

INDEPENDENT AUDITORS' REPORT

To the members of Gefung Holdings Berhad (Incorporated in Malaysia) Company No : 654188-H

Report on the Financial Statements

We have audited the financial statements of Gefung Holdings Berhad, which comprise the balance sheets as at 31 December 2009 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 37 to 72.

Directors' Responsibility for the Financial Statements

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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements 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 2009 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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
20 April 2010

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

BALANCE SHEETS

AT 31 DECEMBER 2009

	NOTE	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000	THE COMPANY 2009 RM'000	THE COMPANY 2008 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	103,663	103,663
Property, plant and equipment	7	13,384	14,405	314	360
Mining rights	8	-	19,838	-	-
Prepaid land lease payments	9	2,743	3,303	-	-
Investment property	10	771	788	771	788
Intangible assets	11	52,885	53,754	-	-
		69,783	92,088	104,748	104,811
CURRENT ASSETS					
Inventories	12	69,752	60,384	-	-
Amount owing by contract customers	13	2,004	1,183	-	-
Trade receivables	14	30,615	46,662	-	-
Other receivables, deposits and prepayments	15	10,560	13,221	353	680
Amount owing by a former director	16	-	1,661	-	10,255
Amount owing by subsidiaries	17	-	-	14,979	7,909
Tax refundable		519	464	-	-
Fixed deposits with licensed banks	18	4,759	3,594	-	-
Cash and bank balances	19	859	811	14	95
		119,068	127,980	15,346	18,939
TOTAL ASSETS		188,851	220,068	120,094	123,750
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	154,800	154,800	154,800	154,800
Other reserves	21	12,307	12,590	-	-
Accumulated losses		(19,495)	(1,615)	(35,557)	(32,618)
TOTAL EQUITY		147,612	165,775	119,243	122,182
NON-CURRENT LIABILITIES					
Long-term borrowings	22	293	778	260	509
Deferred taxation	23	35	4,559	-	-
		328	5,337	260	509
CURRENT LIABILITIES					
Trade payables	24	8,363	6,753	-	-
Other payables and accruals	25	5,602	13,591	405	780
Provision for taxation		980	2,586	-	-
Short-term borrowings	26	22,865	23,360	160	188
Bank overdrafts	29	3,101	2,666	26	91
		40,911	48,956	591	1,059
TOTAL LIABILITIES		41,239	54,293	851	1,568
TOTAL EQUITY AND LIABILITIES		188,851	220,068	120,094	123,750

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		THE GROUP		THE COMPANY	
		2009	2008	2009	2008
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	30	42,469	75,026	-	-
COST OF SALES		(38,637)	(58,823)	-	-
GROSS PROFIT		3,832	16,203	-	-
OTHER INCOME		1,657	7,505	-	11
		5,489	23,708	-	11
SELLING AND MARKETING EXPENSES		(2,480)	(2,576)	-	-
ADMINISTRATIVE EXPENSES		(9,632)	(7,971)	(2,332)	(3,278)
OTHER EXPENSES		(9,553)	(447)	(571)	-
FINANCE COSTS		(1,704)	(1,938)	(36)	(58)
(LOSS)/PROFIT BEFORE TAXATION	31	(17,880)	10,776	(2,939)	(3,325)
INCOME TAX EXPENSE	32	-	(2,517)	-	-
(LOSS)/PROFIT AFTER TAXATION		(17,880)	8,259	(2,939)	(3,325)
(LOSS)/PROFIT ATTRIBUTABLE TO:- EQUITY HOLDERS OF THE COMPANY		(17,880)	8,259	(2,939)	(3,325)
(LOSS)/EARNINGS PER SHARE (SEN): - BASIC	33	(11.55)	5.34		

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

THE GROUP	NOTE	SHARE CAPITAL RM'000	OTHER RESERVES RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Balance at 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/ 1.1.2009		154,800	12,590	(1,615)	165,775
Foreign currency translation #	21	-	(283)	-	(283)
Loss for the financial year		-	-	(17,880)	(17,880)
Balance at 31.12.2009		154,800	12,307	(19,495)	147,612
THE COMPANY					
Balance at 1.1.2008		154,800	-	(29,293)	125,507
Loss for the financial year		-	-	(3,325)	(3,325)
Balance at 31.12.2008/ 1.1.2009		154,800	-	(32,618)	122,182
Loss for the financial year		-	-	(2,939)	(2,939)
Balance at 31.12.2009		154,800	-	(35,557)	119,243

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(17,880)	10,776	(2,939)	(3,325)
Adjustments for:-				
Allowance for doubtful debts	4,571	266	314	-
Amortisation of prepaid land lease payments	93	94	-	-
Bad debts written off	2,719	-	-	-
Deposit written off	51	-	-	-
Depreciation of property, plant and equipment	1,744	1,775	46	56
Depreciation of investment property	17	16	17	16
Gain on disposal of mining rights	(390)	-	-	-
(Gain)/Loss on disposal of plant and equipment	(187)	32	-	(11)
(Gain)/Loss on foreign exchange:				
- unrealised	(28)	344	258	-
Plant and equipment written off	10	-	-	-
Waiver of debts by a former director	-	(4,900)	-	-
Waiver of debts by other payables	-	(48)	-	-
Writeback of allowance for doubtful debts	(31)	-	-	-
Writedown of inventories	1,534	-	-	-
Interest expense	1,702	1,938	36	58
Interest income	(140)	(165)	-	-
Operating (loss)/profit before working capital changes	(6,215)	10,128	(2,268)	(3,206)
(Increase)/Decrease in inventories	(10,887)	4,324	-	-
Decrease/(Increase) in trade and other receivables	10,134	(19,033)	13	(571)
Increase/(Decrease) in trade and other payables	1,966	(2,548)	(375)	194
CASH FOR OPERATIONS	(5,002)	(7,129)	(2,630)	(3,573)
Interest paid	(1,702)	(1,938)	(36)	(58)
Income tax paid	(1,523)	(4,447)	-	-
NET CASH FOR OPERATING ACTIVITIES CARRIED FORWARD	(8,227)	(13,514)	(2,666)	(3,641)

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		THE GROUP		THE COMPANY	
		2009	2008	2009	2008
	NOTE	RM'000	RM'000	RM'000	RM'000
NET CASH FOR OPERATING ACTIVITIES BOUGHT FORWARD		(8,227)	(13,514)	(2,666)	(3,641)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Advances to)/Repayment from subsidiaries		-	-	(7,328)	2,883
Interest received		140	165	-	-
Purchase of property, plant and equipment	34	(2,065)	(2,277)	-	(20)
Proceeds from disposal of mining rights		7,833	-	-	-
Profit guarantee shortfall from the vendors		14,230	6,774	14,230	6,774
Proceeds from disposal of plant and equipment		1,836	325	-	148
NET CASH FROM INVESTING ACTIVITIES		21,974	4,987	6,902	9,785
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
(Repayment to)/Advances from a former director		(12,138)	4,014	(3,975)	(6,030)
Drawdown of term loans		9,054	8,695	-	-
(Decrease)/Increase in bills payable		(584)	1,754	-	-
Repayment of term loans		(8,864)	(8,331)	(128)	(135)
Repayment of hire purchase obligations		(469)	(693)	(149)	(56)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(13,001)	5,439	(4,252)	(6,221)
NET INCREASE IN CASH AND CASH EQUIVALENTS		746	(3,008)	(16)	(77)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		32	62	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,739	4,765	4	81
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35	2,517	1,739	(12)	4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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.
	:	No. 5679, Bei Qing Road, Chong Gu Town, Qing Pu County, Shanghai, Republic of China.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 April 2010.

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 and purchases 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 risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

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

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

(c) Liquidity and Cash Flow Risks

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

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

4. BASIS OF PREPARATION

The financial statements of the Group 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.

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs/IC Interpretations	**Effective date**
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (Cont'd)

FRSs/IC Interpretations	Effective date
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

(i) The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

(iii) The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

(iv) FRS 8 replaces FRS 1142004 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 impact on the financial statements of the Group upon its initial application.

(v) The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

4. BASIS OF PREPARATION (Cont'd)

(vi) The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(vii) Amendments to FRS 1 and FRS 127 remove the definition of "cost method' currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(viii) IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

(ix) IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and 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.

(x) Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

(xi) Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from 'prepaid lease payment' to 'property, plant and equipment' and measured as such retrospectively.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

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

(i) Depreciation of Property, Plant and Equipment

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

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

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

(ii) Income Taxes

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(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 a 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 some time, a judgement is required to be made of its probability and revenue recognised accordingly.

- *Contract Costs*

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

(vi) Allowance for Doubtful Debts of Receivables

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

(vii) Allowance for Inventories

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

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Financial Instruments

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

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

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The functional currency of each of the Group's entity is 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 currencies 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.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December 2009.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 amount of the investments is taken to the income statement.

(g) Property, Plant and Equipment

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

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%

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

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.

Mining rights is derecognised when they have either been disposed of or when the mining rights is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of a mining rights, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Impairment of Assets

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

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

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

(j) Prepaid Land Lease Payments

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 influenced, or be influenced by, that individual in their dealings with the entity.

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2009 RM'000	2008 RM'000
Unquoted shares at cost:-		
In Malaysia	12,825	13,255
Outside Malaysia	90,838	104,638
	103,663	117,893
Less: Refund by Guarantors on profit guarantee shortfall (Note 44)	-	(14,230)
	103,663	103,663

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	2008 %	Principal Activities
Syarikat Bukit Granite Sdn. Bhd. ("SBG")	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. ("SGMG") *	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 ("Montana")* #	Republic of Turkey	100	100	Trading of marble blocks.

Notes:-

- Held through SBG
* - Not audited by Messrs. Crowe Horwath (formerly known as Messrs. Horwath).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

7. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2009 RM'000	ADDITIONS RM'000	DISPOSALS/ WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	AT 31.12.2009 RM'000
THE GROUP						
NET BOOK VALUE						
Buildings	8,324	907	(254)	(404)	(79)	8,494
Plant and machinery	4,511	512	(686)	(963)	(31)	3,343
Motor vehicles	1,051	-	(247)	(241)	(7)	556
Office and other equipment	519	152	(37)	(136)	(1)	497
Work-in-progress	-	494	-	-	-	494
	14,405	2,065	(1,224)	(1,744)	(118)	13,384

	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

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	NET BOOK VALUE RM'000
THE GROUP				
AT 31.12.2009				
Buildings	11,286	(2,713)	(79)	8,494
Plant and machinery	16,543	(13,169)	(31)	3,343
Motor vehicles	1,472	(909)	(7)	556
Office and other equipment	1,730	(1,232)	(1)	497
Work-in-progress	494	-	-	494
	31,525	(18,023)	(118)	13,384

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	NET BOOK VALUE RM'000
THE GROUP				
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 1.1.2009 RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2009 RM'000
THE COMPANY			
NET BOOK VALUE			
Motor vehicle	131	(17)	114
Office and other equipment	229	(29)	200
	360	(46)	314

	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

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
THE COMPANY			
AT 31.12.2009			
Motor vehicle	163	(49)	114
Office and other equipment	292	(92)	200
	455	(141)	314
AT 31.12.2008			
Motor vehicle	163	(32)	131
Office and other equipment	292	(63)	229
	455	(95)	360

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

Included in the 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 RM494,000 (2008 - RM507,000).

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	
	2009 RM'000	2008 RM'000
Buildings	6,651	6,000
Plant and machinery	105	37
Motor vehicles	11	220
Office and other equipment	197	118
	6,964	6,375

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Plant and machinery	805	1,657	-	-
Motor vehicles	114	131	114	131
	919	1,788	114	131

8. MINING RIGHTS

	THE GROUP	
	2009 RM'000	2008 RM'000
Mining rights, at cost:-		
At 1.1.2009/2008	19,838	19,838
Disposal during the financial year	(19,838)	-
At 31.12.2009/2008	-	19,838

The mining rights in the previous financial year had a lease tenure of 30 years from the commencement of the mining operations. The mining rights were not amortised as the Group had yet to commence the mining operations in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2009 RM'000	2008 RM'000
At cost:-		
At 1.1.2009/2008	3,318	3,318
Disposal during the financial year	(541)	-
At 31.12.2009/2008	2,777	3,318
Accumulated amortisation	(194)	(207)
Foreign exchange translation differences	160	192
Net book value	2,743	3,303
Accumulated amortisation:-		
At 1.1.2009/2008	(207)	(113)
Amortisation for the financial year	(93)	(94)
Disposal during the financial year	106	-
At 31.12.2009/2008	(194)	(207)

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	
	2009 RM'000	2008 RM'000
Freehold building:-		
At cost	804	804
Accumulated depreciation	(33)	(16)
Net book value	771	788
Accumulated depreciation:-		
At 1.1.2009/2008	(16)	-
Depreciation during the financial year	(17)	(16)
At 31.12.2009/2008	(33)	(16)
At fair value	807	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 2009 RM'000	THE GROUP 2008 RM'000
Goodwill:-		
At 1.1.2009/2008	53,754	61,882
Foreign exchange translation differences	(869)	6,102
Refund by Guarantors on profit guarantee shortfall (Note 44)	-	(14,230)
At 31.12.2009/2008	52,885	53,754

(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 2009 RM'000	THE GROUP 2008 RM'000
Malaysia	1,477	1,477
The People's Republic of China ("China")	51,408	52,277
	52,885	53,754

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

The recoverable amount of a CGU is determined using the value-in-use approach, and this is derived from the present value of the future cash flows computed based on the projections of financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are as follow:-

At 31 December 2009	Growth Rate	Discount Rate
Malaysia	2.5%	8%
China	15.0%	7%

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 two CGUs, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

12. INVENTORIES

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000
At Cost:-		
Raw materials	13,400	13,376
Work-in-progress	7,020	5,284
Finished goods	46,549	41,014
Goods-in-transit	2,119	29
Consumables	664	681
	69,752	60,384

None of the inventories is carried at net realisable value.

13. AMOUNTS OWING BY CONTRACT CUSTOMERS

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000
Contract cost	5,812	6,531
Attributable profit	454	607
	6,266	7,138
Progress billings	(4,262)	(5,955)
	2,004	1,183

14. TRADE RECEIVABLES

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000
Trade receivables	34,864	47,001
Allowance for doubtful debts	(4,249)	(339)
Allowance for doubtful debts:-		
At 1.1.2009/2008	(339)	(71)
Addition during the financial year	(4,051)	(266)
Writeback during the financial year	31	-
Foreign exchange translation differences	110	(2)
At 31.12.2009/2008	(4,249)	(339)

14. TRADE RECEIVABLES (Cont'd)

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	
	2009 RM'000	2008 RM'000
United States Dollar	2,490	1,917
Chinese Renminbi	22,453	37,509
New Turkish Lira	165	8

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	8,403	10,506	636	620
Allowance for doubtful debts	(520)	-	(314)	-
	7,883	10,506	322	620
Deposits	2,479	1,847	24	24
Prepayments	198	868	7	36
	10,560	13,221	353	680

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

	THE GROUP	
	2009 RM'000	2008 RM'000
United States Dollar	1,126	905
Chinese Renminbi	7,788	8,982
Euro	-	491
New Turkish Lira	878	1,729

16. AMOUNT OWING BY A FORMER DIRECTOR

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Shortfall on profit guarantee (Note 44)	-	14,230	-	14,230
Advances from a director	-	(17,469)	-	(3,975)
Waiver of debts	-	4,900	-	-
	-	(12,569)	-	(3,975)
	-	1,661	-	10,255

The amount owing in the previous financial year was 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 was settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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 as disclosed in Note 26 to the financial statements.

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

The effective interest rates of the fixed deposits with licensed banks ranged from 2.00% to 2.50% (2008 - 3.20% to 3.75%) per annum at the balance sheet date. The fixed deposits have a maturity period of 1 year (2008 - 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	
	2009 RM'000	2008 RM'000
United States Dollar	2	18
Chinese Renminbi	792	410
New Turkish Lira	41	-

20. SHARE CAPITAL

	THE COMPANY			
	2009 NUMBER OF SHARES ('000)	2008 NUMBER OF SHARES ('000)	2009 RM'000	2008 RM'000
ORDINARY 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	
	2009 RM'000	2008 RM'000
Foreign currency translation reserve:-		
At 1.1.2009/2008	9,381	(2,015)
Arising from the financial year	(283)	11,396
At 31.12.2009/2008	9,098	9,381
Reserve fund:-		
At 1.1.2009/2008	3,209	2,362
Arising from the financial year	-	847
At 31.12.2009/2008	3,209	3,209
Total	12,307	12,590

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 China, 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. The appropriation is required until the cumulative total of the statutory reserve fund reaches 50% of subsidiary's registered capital. This reserve is not available for dividend distributable to shareholders.

22. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Hire purchase payables (Note 27)	69	426	36	157
Term loans (Note 28)	224	352	224	352
	293	778	260	509

23. DEFERRED TAXATION

	THE GROUP	
	2009 RM'000	2008 RM'000
At 1.1.2009/2008	4,559	4,724
Arising from disposal of mining rights	(4,524)	-
Recognised in income statement (Note 32)	-	(165)
	35	4,559

The deferred taxation is attributable to the following:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	217	4,741
Unrealised foreign exchange gains - trade	22	298
	239	5,039
Deferred tax assets:-		
Allowance for doubtful debts	-	(83)
Unabsorbed capital allowances	-	(80)
Unutilised tax losses	(204)	(317)
	(204)	(480)
	35	4,559

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

23. DEFERRED TAXATION (Cont'd)

No deferred tax asset was recognised in the balance sheet on the following item:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Unutilised tax losses	10,440	-

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	
	2009 RM'000	2008 RM'000
United States Dollar	352	47
Chinese Renminbi	2,699	3,729
Euro	1,474	-
New Turkish Lira	12	395

25. OTHER PAYABLES AND ACCRUALS

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

(a) an amount of RM7,872,000 in the previous financial year being the balance of the purchase consideration payable to the vendor for the acquisition of a subsidiary in prior years. This amount has been fully settled upon the disposal of the mining rights as disclosed in Note 43 to the financial statements; and

(b) an amount of RM160,000 (2008 - RM279,000) 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	
	2009 RM'000	2008 RM'000
United States Dollar	1	7,884
Chinese Renminbi	4,269	4,419
New Turkish Lira	16	177

26. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trust receipts	10,664	8,930	-	-
Bankers' acceptances	2,750	5,068	-	-
Hire purchase payables (Note 27)	269	539	32	60
Term loans (Note 28)	9,182	8,823	128	128
	22,865	23,360	160	188

26. SHORT-TERM BORROWINGS (Cont'd)

The bankers' acceptances and trust receipts bore effective interest rates ranging from 4.80% to 7.55% (2008 - 5.19% to 8.25%) per annum at the balance sheet date and are secured by:-

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

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

(c) a joint and several guarantee of certain former directors;

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

(e) a corporate guarantee of the Company.

27. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Minimum hire purchase payments:				
- not later than one year	283	588	35	69
- later than one year and not later than five years	70	447	37	166
	353	1,035	72	235
Less: Future finance charges	(15)	(70)	(4)	(18)
Present value of hire purchase payables	338	965	68	217

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
The net hire purchase payables are repayable as follows:-				
Current (Note 26):				
- not later than one year	269	539	32	60
Non-current (Note 22):				
- later than one year and not later than five years	69	426	36	157
	338	965	68	217

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 5.1% to 7.6% and 5.1% respectively (2008 - 4.4% to 13.0% and 4.4% to 5.1%) per annum at the balance sheet date.

The foreign currency exposure profile of the hire purchase payables in the previous financial year was as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Euro	-	259

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

28. TERMS LOANS

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000	THE COMPANY 2009 RM'000	THE COMPANY 2008 RM'000
Current portion (Note 26):				
- repayable within one year	9,182	8,823	128	128
Non-current portion (Note 22):				
- repayable between one to two years	128	128	128	128
- repayable between two to five years	96	224	96	224
	224	352	224	352
	9,406	9,175	352	480

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

Term Loan	NUMBER OF QUARTERLY INSTALMENTS	QUARTERLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	THE COMPANY AMOUNT OUTSTANDING 2009 RM'000	THE COMPANY AMOUNT OUTSTANDING 2008 RM'000
1	20	32,000	5 December 2008	352	480

The term loan of the Company bore an effective interest rate of 5.83% (2008 - 7.40%) per annum at the balance sheet date and is secured by:-

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

Included in the term loans of the Group at the balance sheet date was an amount of RM9,054,000 (2008 - RM8,695,000) granted to a foreign subsidiary. The amount is repayable in full upon the maturity period of 1 year (2008 - 1 year). The term loan bore an effective interest rate of 5.57% (2008 - 6.7%) per annum and 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 2009 RM'000	THE GROUP 2008 RM'000
Chinese Renminbi	9,054	8,695

29. BANK OVERDRAFTS

The bank overdrafts bore effective interest rates ranging from 7.05% - 7.55% (2008 - 8.00%) 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 2009 RM'000	THE GROUP 2008 RM'000
Sale of marble slabs and blocks	32,235	67,367
Contract revenue	10,234	7,659
	42,469	75,026

31. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Allowance for doubtful debts	4,571	266	314	-
Amortisation of prepaid land lease payments	93	94	-	-
Depreciation of investment property	17	16	17	16
Audit fee:				
- for the financial year	104	106	70	75
- overprovision in the previous financial year	(5)	(4)	(5)	(5)
- other non-statutory services	3	8	3	8
Bad debts written off	2,719	-	-	-
Deposit written off	51	-	-	-
Depreciation of property, plant and equipment	1,744	1,775	46	56
Directors' fees	260	288	260	288
Directors non-fee emoluments	1,474	1,738	1,062	1,184
Interest expense:				
- bank overdrafts	172	233	4	4
- bills payable	921	828	-	-
- hire purchase	48	98	6	12
- term loans	561	779	26	42
(Gain)/Loss on disposal of plant and equipment	(187)	32	-	(11)
Plant and equipment written off	10	-	-	-
Rental of land	12	11	-	-
Rental of premises	306	214	69	69
Rental of machinery	-	226	-	-
Staff costs	4,676	5,049	363	599
Writedown of inventories	1,534	-	-	-
Gain on disposal of mining rights	(390)	-	-	-
Interest income	(140)	(165)	-	-
Loss/(Gain) on foreign exchange:				
- realised	435	(2,226)	-	-
- unrealised	(28)	344	258	-
Waiver of debts by a former director	-	(4,900)	-	-
Waiver of debts by other payables	-	(48)	-	-
Writeback of allowance for doubtful debts	(31)	-	-	-

32. INCOME TAX EXPENSE

	THE GROUP	
	2009 RM'000	2008 RM'000
Current tax:-		
For the financial year:		
- Foreign tax	-	2,727
Overprovision in the previous financial year:		
- Malaysian income tax	-	(45)
	-	2,682
Deferred taxation (Note 23):		
- for the financial year	-	(273)
- underprovision in the previous financial year	-	108
	-	(165)
	-	2,517

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

32. INCOME TAX EXPENSE (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008 - 26%) 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 (loss)/profit 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/Profit before taxation	(17,880)	10,776	(2,939)	(3,325)
Tax at the statutory tax rate of 25% (2008 -26%)	(4,470)	2,802	(735)	(864)
Tax effects of:-				
Non-taxable gains	(1,681)	(1,286)	-	-
Non-deductible expenses	3,237	1,048	735	864
Deferred tax asset not recognised during the financial year	2,610	-	-	-
(Over)/Underprovision in the previous financial year:				
- current tax	-	(45)	-	-
- deferred tax	-	108	-	-
Differential in tax rates in other tax jurisdiction income	-	(110)	-	-
Others	304	-	-	-
Tax for the financial year	-	2,517	-	-

33. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is arrived at by dividing the Group's (loss)/profit attributable to shareholders of (RM17,880,000) (2008 - RM8,259,000) by the number of ordinary shares in issue during the financial year of 154,800,000 (2008 - 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. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost of property, plant and equipment purchased	2,065	2,482	-	20
Amount financed through hire purchase	-	(205)	-	-
Cash disbursement for purchase of property, plant and equipment	2,065	2,277	-	20

35. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed deposits with licensed banks	4,759	3,594	-	-
Cash and bank balances	859	811	14	95
Bank overdrafts	(3,101)	(2,666)	(26)	(91)
	2,517	1,739	(12)	4

36. DIRECTORS' REMUNERATION

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors' remuneration:				
- Salaries, bonus and other emoluments	150	-	150	-
- Defined contribution plans	18	-	18	-
	168	-	168	-
Executive directors' remuneration of subsidiaries:				
- Salaries, bonus and other emoluments	150	88	-	-
- Estimated money value of benefits-in-kind	107	136	-	-
	257	224	-	-
Former executive director's remuneration:				
- Salaries, bonus and other emoluments	824	1,153	730	1,006
- Defined contribution plans	64	88	64	88
- Estimated money value of benefits-in-kind	100	186	100	90
	988	1,427	894	1,184
Former executive director's remuneration of subsidiaries:				
- Salaries, bonus and other emoluments	58	83	-	-
- Defined contribution plans	3	4	-	-
	61	87	-	-
Total directors' non-fee emoluments	1,474	1,738	1,062	1,184
Non-executive directors' emoluments	260	288	260	288
Total directors' remuneration including benefits-in-kind	1,734	2,026	1,322	1,472

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	
	2009	2008
EXECUTIVE DIRECTORS:		
RM50,001 - RM100,000	2	-
RM150,001 - RM200,000	-	1
RM1,050,001 - RM1,100,000	-	1
NON-EXECUTIVE DIRECTORS:		
RM50,000 and below	3	5
RM50,001 - RM100,000	1	1
	6	8

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

37. RELATED PARTY DISCLOSURES

(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 their related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
A related party:				
- purchases	665	708	-	-
The key management personnel compensation including directors' remuneration:				
- Short-term employee benefits	2,042	2,103	1,394	1,549

38. CONTINGENT LIABILITY

	THE GROUP	
	2009 RM'000	2008 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	16,488	16,573

39. CAPITAL COMMITMENT

	THE GROUP	
	2009 RM'000	2008 RM'000
Approved and contracted for:-		
Property, plant and equipment	1,285	-

40. SEGMENTAL INFORMATION

(a) Business Segments

	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	GROUP RM'000
31 DECEMBER 2009					
REVENUE					
External revenue	42,119	350	-	-	42,469
Inter-segment revenue	13,153	-	-	(13,153)	-
Total revenue	55,272	350	-	(13,153)	42,469
RESULTS					
Segment results	(12,708)	(565)	(2,903)	-	(16,176)
Finance cost					(1,704)
Loss for the financial year					(17,880)
ASSETS					
Segment assets	185,177	1,703	1,452	-	188,332
Unallocated asset					519
Total assets					188,851
LIABILITIES					
Segment liabilities	13,531	29	405	-	13,965
Interest bearing instruments					26,259
Unallocated liabilities					1,015
Total liabilities					41,239
OTHER SEGMENT INFORMATION					
Capital expenditure	2,006	59	-	-	2,065
Depreciation and amortisation	1,657	134	63	-	1,854

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

40. SEGMENTAL INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATION RM'000	GROUP RM'000
31 DECEMBER 2008					
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
Unallocated assets					464
Total assets					220,068
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

40. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical Segments

	MALAYSIA RM'000	CHINA RM'000	OTHERS RM'000	GROUP RM'000
31 DECEMBER 2009				
Revenue	13,643	28,476	350	42,469
Segment assets	32,536	154,618	1,697	188,851
Capital expenditure	701	1,305	59	2,065
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

41. FOREIGN EXCHANGE RATES

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

	THE GROUP	
	2009 RM	2008 RM
United States Dollar	3.43	3.49
Euro	4.92	4.91
Chinese Renminbi	0.50	0.51
New Turkish Lira	2.27	2.29

42. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

(a) 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 values 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 the hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(d) Contingent Liability

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

		THE COMPANY	
	Note	Nominal Amount RM'000	Net Fair Value RM'000
At 31 December 2009			
Contingent liability	38	16,488	*
At 31 December 2008			
Contingent liability	38	16,573	*

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

43. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 2 September 2009, the Company announced that its indirect wholly-owned subsidiary, Montana had entered into a Sale and Purchase Agreement with Lee Wen Yuan (Taiwanese Passport No. 133334503) for the disposal of the Mining Rights for a sale consideration of USD4,500,000 which was satisfied by a cash consideration of USD2,243,779 and the undertaking to assume the liability of USD2,256,221 owed to the previous owner of Montana by the Group.

The disposal of the Mining Rights was completed on 23 September 2009. The gain on the disposal of the Mining Rights of RM390,000 had been recognised in the income statement as disclosed in Note 31 to the financial statements.

44. PROFIT GUARANTEE

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

(a) the amalgamated audited PBT of SBG and SGMG ("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 being the shortfall of the profit guarantee for the financial year ended 31 December 2008 had been recorded as a refund in the cost of investment of the Company. At the Group level, the goodwill of the Group had been adjusted accordingly. The shortfall amount was settled in cash during the financial year as disclosed in Note 16 to the financial statements.

LIST OF PROPERTIES

as at 31 December 2009

Location	Description and existing usage	Tenure	Approximate area	Approximate age of building (years)	Year of acquisition	Net book value as at 31.12.2009 RM'000
No. 5679, Bei Qing Road, Chong Gu Town, Qing Pu County, Shanghai, China 201706.	A single storey factory and a four storey office	35 years leasehold, expiring in year 2034	34,759m^2 (Land)/ 8,906m^2 (Built-up)	10	1999	5,333
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	8,094m^2 (Land)/ 2,736m^2 (Built-up)	15	1994	1,798
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	8,093m^2 (Land)/ 2,107m^2 (Built-up)	12	1997	1,143
Suite 13-23, Zhongshan East Road, Feng Hua, Zhejiang Province, China	Shop unit	40 years leasehold, expiring in year 2043	97.88 m^2 (Built-up)	1	2008	846
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	260m^2 (Built-up)	2	2007	771
Suite 17, Zhongshan East Road, Feng Hua, Zhejiang Province, China	Office unit	40 years leasehold, expiring in year 2043	108.08 m^2 (Built-up)	1	2008	503
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	2,822m^2 (Land)/ 1,632m^2 (Built-up)	12	1997	494
Unit 2605, No. 4339 Bao'an Road, Anting Town, iading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	54.66 m^2 (Built-up)	-	2009	387
Unit 2215, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	55.38 m^2 (Built-up)	-	2009	378
Unit 2011, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58 m^2 (Built-up)	2	2007	355

ANALYSIS OF SHAREHOLDINGS

AS AT 22 APRIL 2010

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	: 4,031 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	51	1.27	1,896	0.00
100 to 1,000 shares	2,702	67.03	914,934	0.59
1,001 to 10,000 shares	779	19.33	3,607,740	2.33
10,001 to 100,000 shares	404	10.02	13,607,835	8.79
100,001 to less than 5% of issued shares	92	2.28	46,611,597	30.11
5% and above of issued shares	3	0.07	90,056,000	58.18
TOTAL	4,031	100.00	154,800,002	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(as per Register of Substantial Shareholders' Shareholdings)

		No. of shares held			
	Name	Direct	%	Indirect	%
1	Dato' Lim Kim Huat	39,000,000	25.19	-	-
2	PacificQuest	36,056,000	23.29	-	-
3	Koperasi Permodalan Felda Berhad	15,000,000	9.69	-	-

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

		No. of shares held			
	Name	Direct	%	Indirect	%
1	Datuk Azizan bin Abd Rahman	1,000,000 (a)	0.65	-	-
2	Dato' Lim Kim Huat	39,000,000	25.19	-	-
3	Loi Heng Sewn	2,000,000 (a)	1.29		
4	Cheong Marn Seng	9,000	0.01	-	-
5	Khayat, Yousuf Mohamed Yaqub Y	-	-	-	-
6	Wong Heang Fine	-	-	-	-

Note: (a) Held through nominee company.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 APRIL 2010

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

No.	Name of Shareholders	No. of shares held	%
1	Dato' Lim Kim Huat	39,000,000	25.19
2	PacificQuest	36,056,000	23.29
3	Koperasi Permodalan Felda Berhad	15,000,000	9.69
4	CitiGroup Nominees (Asing) Sdn Bhd Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	6,000,000	3.88
5	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	5,000,000	3.23
6	Perbadanan Nasional Berhad	4,750,000	3.07
7	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Seo Aik Leong	2,595,004	1.68
8	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seo Aik Leong (Dealer 023)	2,000,000	1.29
9	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Loi Heng Sewn	2,000,000	1.29
10	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai (M05)	1,295,400	0.84
11	Teo Chiang Hong	1,125,000	0.73
12	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Azizan Bin Abd Rahman (MY0531)	1,000,000	0.65
13	Sew Paul	885,000	0.57
14	CitiGroup Nominees (Asing) Sdn Bhd Merrill Lynch International	884,900	0.57
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ah Kam	733,500	0.47
16	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff Bin Abd Aziz	681,900	0.44
17	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ding Ring Diong (REM 628)	660,000	0.43
18	Lim Sin Khong	640,000	0.41
19	(Daphne) Lok Ping Yoke	547,780	0.35
20	Affin Nominees (Tempatan) Sdn Bhd Hou Siu Kee	500,000	0.32
21	Yong Koon Pan	454,000	0.29
22	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	428,000	0.28
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phang Kwang Chee (E-KLC)	412,900	0.27
24	Foo Wan Kong	400,000	0.26
25	Wang Sze Yao @ Wang Ming Way	399,000	0.26
26	Chai Chau @ Peh Chai Chau	390,000	0.25
27	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Faris Taufeq Bin Fakarudin (SJ8)	387,000	0.25
28	Public Invest Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd (Clients)	370,000	0.24
29	Sim Heng Lee	360,300	0.23
30	Kok Cheng Kar	340,000	0.22

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth 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 Thursday, 27 May 2010 at 11.00 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 2009 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 2009. **(Resolution 2)**

3. To re-elect the following Director retiring pursuant to Article 83 of the Company's Articles of Association:-

   i Dato' Lim Kim Huat **(Resolution 3)**

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

   i Mr Wong Heang Fine **(Resolution 4)**
   ii Mr Khayat, Yousuf Mohamed Yaqub Y **(Resolution 5)**

5. To re-appoint Messrs Crowe Horwath (formerly known as 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:-

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

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market 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."

7. **ORDINARY RESOLUTION 2** **(Resolution 8)**
   PROPOSED RENEWAL OF EXISTING AND NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATES")

   "THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature as stated in Section 2.4 of the Circular to Shareholders dated 3 May 2010 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 general meeting at which such mandate was passed, at which time it will 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 must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is the earlier;

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

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

By Order of the Board

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

Kuala Lumpur
3 May 2010

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. A member shall be entitled to appoint more than one (1) proxy but up to a maximum of three (3) proxies to attend and vote at the same meeting and where a member appoints more than one (1) proxy to attend and vote at the same meeting, he shall specify the proportion of his shareholdings to be represented by each proxy.

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

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

Explanatory Notes on Special Business:-

1. Resolution 7

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot 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 ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate procured and approved in the preceding year 2009 which was not exercised by the Company during the year, will expire at the forthcoming Sixth Annual General Meeting of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

2. Resolution 8

This proposed 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 3 May 2010 despatched together with the Annual Report. This authority, unless revoked or varied by the Company at 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 Sixth Annual General Meeting of the Company**

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

   i Dato' Lim Kim Huat

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

   i Mr Wong Heang Fine
   ii Mr Khayat, Yousuf Mohamed Yaqub Y

   Details of the abovenamed Directors are set out on pages 5 to 6 of this Annual Report while their securities holdings in the Company are set out on page 33 of this Annual Report.

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

   Details of attendance of Directors at Board meetings held during the financial year ended 31 December 2009 are set out in the Statement of Corporate Governance on page 14 of this Annual Report.

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

   The Sixth 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 Thursday, 27 May 2010 at 11.00 a.m.

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

FORM OF PROXY

Number of ordinary shares held
Central Depository System Account No.

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 Sixth 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 Thursday, 27 May 2010 at 11.00 a.m. or at any adjournment thereof.

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

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2009 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 2009.		
3.	To re-elect Dato' Lim Kim Huat as Director.		
4.	To re-elect Mr Wong Heang Fine as Director.		
5.	To re-elect Mr Khayat, Yousuf Mohamed Yaqub Y as Director.		
6.	To re-appoint Messrs Crowe Horwath (formerly known as 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 Existing and New Shareholder 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 __________, 2010

____
Signature/Common Seal of Member

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

Fold here

Affix
Stamp
here

Company Secretary

GEFUNG HOLDINGS BERHAD
(654188-H)

Suite 11, 1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50250 Kuala Lumpur

Fold here

Suite E-10-06, Level 10,
Block E, Plaza Mont' Kiara,
No.2, Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur,
Malaysia

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