TOWARDS NEW HORIZONS

ANNUAL REPORT 2010

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

LOI HENG SEWN
Executive Director

RAMI BAZZI
Non-Independent Non-Executive Director
(Appointed on 18 February 2011)

CHEONG MARN SENG
Independent Non-Executive Director

AUDIT COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

CHEONG MARN SENG
Member

WONG HEANG FINE
Member

NOMINATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

CHEONG MARN SENG
Member

LOI HENG SEWN
Member

REMUNERATION COMMITTEE

DATUK AZIZAN BIN ABD RAHMAN
Chairman

DATO' LIM KIM HUAT
Member

CHEONG MARN SENG
Member

COMPANY SECRETARIES

YEOH CHONG KEAT
(MIA 2736)

LIM FEI CHIA
(MAICSA 7036158)

CORPORATE OFFICE

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

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.
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

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 Market 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

(61 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 of the Board.

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 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 2010.

Wong Heang Fine

(53 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 the CEO of CapitaLand Residential Pte. Ltd., CapitaLand ILEC (Integrated Leisure, Entertainment and Conventions) Pte. Ltd., CapitaLand GCC Holdings Pte. Ltd. and 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 four (4) of the five (5) Board of Director's Meetings of the Company held during the financial year ended 31 December 2010.

DIRECTORS' PROFILE

Dato' Lim Kim Huat

(51 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 all the five (5) Board of Director's Meetings of the Company held during the financial year ended 31 December 2010.

Rami Bazzi

(40 years of age – Canadian)
Non-Independent Non-Executive Director

Mr Rami Bazzi was appointed as a Director of Gefung on 18 February 2011. Mr Rami Bazzi earned a Master of Business in Administration and a Master of Science in Finance from Concordia University, Canada. He has also earned a Bachelor of Science in Computer Science from the Lebanese American University in Lebanon, and is a Chartered Financial Analyst.

Mr Bazzi currently holds the position of Senior Executive Director in Sedco Equity Partners ("SEP") and he is responsible for managing SEP's investment activities. He brings to the firm extensive experience in the areas of private equity, corporate strategy, shareholder value improvement, business valuation, M&A analysis, risk management and credit risk.

Mr Bazzi joined SEP from Injazat Capital, Dubai, UAE, where he was the Senior Executive Officer responsible for managing the bank's private equity and advisory services. Prior to that, he was the CFO of LITAT Group, a regional commodity trading group, where he was in charge of the group's investments' financing & negotiation and the restructuring of the organization.

Before that, Mr Bazzi worked with Deloitte Consulting in Toronto, Canada, in the area of strategy and shareholder value analysis. He managed assignments for firms operating in North America, Europe and Asia. He covered various industries including telecom, pharmaceutical, automotive, oil & gas, aluminum manufacturing and retail. He was appointed as subject matter expert in the area of shareholder value to Canada's leading aerospace manufacturer, and the country's largest oil refinery.

Mr Bazzi is a Director of Green Packet Berhad, a company listed on the Main Market of Bursa Malaysia Securities 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.

DIRECTORS' PROFILE

Loi Heng Sewn

(51 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 2010.

Cheong Marn Seng, Allen

(46 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 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 2010.

CHAIRMAN'S AND MANAGING DIRECTOR STATEMENT

DEAR VALUED SHAREHOLDERS,

ONCE AGAIN, WE ARE HONOURED TO PRESENT TO YOU THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF GEFUNG HOLDINGS BERHAD ('GEFUNG' OR 'THE COMPANY') FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010.

The turnover recorded for 2010 is RM55.6 million, which is higher by 31% compared to 2009. The higher turnover was contributed by two major contracts that were undertaken by the Company, namely Rihan Heights in Abu Dhabi and Seni Mont Kiara in Malaysia.

The Company's recorded losses of RM56.7 million were mainly due to impairment loss on goodwill of RM30.8 million, higher provision for doubtful debts of RM10.7 million and slow-moving stocks of RM4.6 million. Operationally, the losses incurred this year are lower than last year. The Company will continue to seek improvement in its business.

As part of a rationalisation exercise, we have reviewed the balance sheet of our subsidiary in China to ensure that the true value of its assets and liabilities is reflected. With this in mind, we have established a policy for the provision for slow-moving stocks and doubtful debts. In 2010, the provisions were higher than last year and as such, caused our losses to escalate.

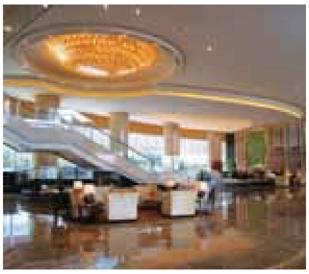
REVIEW OF OPERATIONS

2010 has been a challenging and uplifting year for the Company. Our competitive spirit was put to the test by a difficult and demanding business environment. A significant factor that was not in our favour was the inflationary cost pressure that was brought on by the rising trend in wages and the increasing raw material prices.

However, it is a source of great pride that the Company was able to successfully complete an immensely prestigious project in Abu Dhabi. Our historic role in creating an international landmark for Abu Dhabi is certainly a major milestone.

Although the Company has recorded operational losses, concrete measures have been taken to upgrade efficiency, to reduce our overhead expenses and to remodel our business units. We are confident of achieving positive results from our wide-ranging effort in the coming years.

CHAIRMAN'S AND MANAGING DIRECTOR STATEMENT



LOOKING FORWARD

Inspired by our key shareholders' aims of diversifying the Company's scope of activities and aggressively boosting growth, we have successfully identified a new revenue driver. A rights issue was recently announced to reinforce our financial standing and to provide the necessary capital for the new venture. In line with our plans for diversification, we have signed a memorandum of understanding to venture into the highly promising property development business in Indonesia. Presently, the property market in Indonesia is thriving and it is timely to evaluate the move.

The Company is on the cusp of a new era of expansion that will be fuelled by our property development activities. We will undergo a dramatic transformation that will propel the company forward. It will also generate substantially greater earnings while enhancing diversification.

ACKNOWLEDGEMENT

On behalf of the Board, we wish to express our gratitude to our stakeholders, shareholders, customers, business associates, vendors and financiers for their unswerving support. We also wish to thank my fellow directors for their dedication and advice.

Datuk Azizan bin Abd Rahman
Chairman

Dato' Lim Kim Huat
Managing Director

CORPORATE SOCIAL RESPONSIBILITY

At Gefung, we take great pleasure in performing our corporate social responsibility activities. As such, we were delighted to visit Rumah Kanak-Kanak Taiping to bring hope and happiness to the orphans there. The home offers orphans and children who are abandoned, abused and neglected with shelter, care and love.

Our visit took place on 13 October 2010 and our contingent was made up of enthusiastic employees from various departments. During the visit, we presented the orphanage with a cheque to contribute to its upkeep. In addition, our contingent was delighted to deliver daily necessities like Milo, sugar, creamer milk, towels, cotton buds, shampoos, etc. We were heartened that we able to add a measure of joy to the lives of the adorable children.

However, it was the exciting games that we played with the children that made the visit truly unforgettable. All in all, it was a highly rewarding experience for all of us and we are certainly looking forward to visiting them again.

Our to visit Rumah Kanak-Kanak Taiping was a success and uplifting experience and it proved that it is definitely better to give than to receive. More importantly, it reminded our employees that they have the wonderful ability to improve the lives of others through community service. Gefung is perennially discovering thoughtful ways of enhancing society and we are determined to contribute even more effectively in the future.

Team-building in Pulau Pinang

Gefung places top priority on improving teamwork among our employees. Consequently, teamwork development programmes were conducted during our trip to Pulau Pinang. The teambuilding activities strengthen interdepartmental relationships, improve work attitudes, heighten motivation and reinforce unity.

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 2010.

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 presently comprises one (1) Managing, one (1) Executive Director, two (2) Independent Non-Executive Directors and two (2) 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 2010 and the attendance record (including Company Secretary's attendance) is as follows:-

Directors	Attendance
Datuk Azizan bin Abd Rahman	5/5
Mr Wong Heang Fine	4/5
Dato' Lim Kim Huat	5/5
Mr Loi Heng Sewn	4/5
Mr Cheong Marn Seng	5/5
Mr Khayat, Yousuf Mohamed Yaqub Y *(Resigned w.e.f. 12.01.2011)*	4/5
Mr Rami Bazzi	NA
Company Secretary	5/5

NA: Not applicable, as Mr Bazzi was appointed on 18.02.2011, after FY2010.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 2010 are set out below:-

	Group		
Remuneration	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Directors' fees	-	192	192
Salaries, bonus and other emoluments	601	-	601
Defined contribution plan	72	-	72
Total	673	192	865

The number of Directors whose total remuneration for the financial year ended 31 December 2010 fall within the respective bands is as follows:-

	Group Number of Directors	
Range of remuneration	**Executive**	**Non-Executive**
RM1 to RM50,000	-	3
RM50,001 to RM100,000	-	1
RM250,001 to RM300,000	1	-
RM400,001 to RM450,000	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 2010 are as follows:-

Committee	**Key Functions**
Audit Committee	As set out on pages 16 to 19
Remuneration Committee	As set out on page 20
Nomination Committee	As set out on pages 21 to 22

STATEMENT OF CORPORATE GOVERNANCE

8. Directors' Training

The Directors of the Company had attended the following trainings during the financial year ended 31 December 2010:-

Name of Directors	Date of Training	Subject
Datuk Azizan Bin Abd Rahman	25.01.2010 27.05.2010 26 – 27.06.2010 27 – 28.09.2010 25 – 28.10.2010 09 – 11.11.2010 22 – 23.11.2010	FRS 139 High Performance Control System Tabung Haji Group of Plantation Manager's Seminar 2010 World Capital Markets Symposium Global Islamic Finance Forum Chairman's Forum : Leading Championship Strategies Global Business Leaders Forum
Mr Wong Heang Fine	27.05.2010	High Performance Control System
Dato' Lim Kim Huat	29.01.2010 27.05.2010 20.08.2010	Tax issues in vogue High Performance Control System 1) FRS 7 Financial Instruments: Disclosures 2) FRS 139 Financial Instruments: Recognition and measurement 3) IC Interpretation 15: Agreements for the construction of real estate.
Mr Loi Heng Sewn	27.05.2010	High Performance Control System
Mr Cheong Marn Seng	25.03.2010 27.05.2010	1) Managing Related Party Transactions 2) Best Practices in Corporate Disclosure High Performance Control System
Mr Khayat, Yousuf Mohamed Yaqub Y *(Resigned w.e.f. 12.01.2011)*	27.05.2010	High Performance Control System
Mr Rami Bazzi	NA	NA

NA: Not applicable, as Mr Bazzi was appointed on 18.02.2011, after FY2010.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 2010

The Board is responsible to ensure that the financial statements are 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 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 2010, 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.

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 23 to 24 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.

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 2010.

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 2010 and the details of 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	Member, Non-Independent Non-Executive Director	4/5

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.

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.

AUDIT COMMITTEE REPORT

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 2010. During the financial year, the Audit Committee had undertaken the following activities:-

(a) Reviewed the quarterly financial results for the quarters ended 31 December 2009, 31 March 2010, 30 June 2010 and 30 September 2010 before recommending the same for Board's approval and for announcement to Bursa Securities;

(b) Reviewed together with the External Auditors the audited financial statements for the financial year ended 31 December 2009 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 2009 Annual Report.

INTERNAL AUDIT FUNCTION

Audex Governance Sdn Bhd took over from AndersenRich Partners Sdn Bhd as outsourced provider of internal audit services to the Group from the third quarter of 2010. 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 activities undertaken by the Internal Auditors 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 Management together with Management's responses in relation thereto. Periodically, the Internal Auditors will follow up on the implementation of their recommendations by 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 activities carried out by the Internal Auditors during the financial year under review include inter-alia, audit review on the operating expenditure control functions and procurement and inventory management functions of Shanghai Ge Fung Marble & Granite Co Ltd and follow up audit review on the purchases and accounts payable as well as fixed assets control functions of Syarikat Bukit Granite Sdn Bhd.

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 2010.

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	Member, Managing Director
Mr Cheong Marn Seng	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.

Functions

The functions of the Committee shall be:-

1. Recommend to the board the framework of executive remuneration and its cost, and the remuneration package for each executive director and senior management staff, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
2. To reimburse reasonable expenses incurred by the directors and senior management staff in the course of their duties.
3. To review and determine the bonus scheme for the executive directors and senior management depending on various performance measurements of the Group.
4. To review and determine the other benefits in kind for the executive directors and senior management.
5. To review the executive directors' service contracts.

Reporting Procedures

- The remuneration of directors and senior management shall be ultimate responsibility of the full board after considering the recommendations of the Committee.
- Directors do not participate in decisions on their own remuneration packages.

ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee met on 9 May 2011 after the close of the financial year ended 31 December 2010 to review the remuneration packages of the Executive Directors of the Company as well as Directors' fees for the financial year ending 31 December 2011.

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 2010.

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	Member, 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.

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.

NOMINATION COMMITTEE REPORT

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 9 May 2011 after the close of the financial year ended 31 December 2010 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 its Circular Resolution reviewed the following proposals and has recommended the same to the Board of Directors for approval:-

No.	Subject	Date
1.	Nomination of Mr Rami Bazzi for appointment as a Director of the Company	18.02.2011

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Gefung Holdings Berhad is pleased to present its Statement on Internal Control for the financial year ended 31 December 2010, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets as well as reviewing the adequacy and integrity of the system of internal control. The responsibility of reviewing the adequacy and integrity of the Group's system of internal control is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function and management.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

On a day-to-day basis, the Heads of Department are delegated the responsibility of identifying and managing the risks of their department. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings attended by the Executive Director. In addition, significant risks identified are brought to the attention of the Board at their scheduled meetings.

The abovementioned practice is the ongoing process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its business objectives.

INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.

During the financial year under review, the outsourced internal auditors performed an audit review in accordance with the approved audit plan. The results of their review were tabled to the Audit Committee at their schedule meeting. Senior Management is responsible for ensuring that corrective actions are taken within the stipulated time frame on the reported weaknesses.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2010 amounted to RM19,000.

STATEMENT ON INTERNAL CONTROL

OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

- Organisation Structure & Authorisation Procedures

  The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Senior Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- Periodical and/or Annual Budget

  The Group in general has a comprehensive budgeting and forecasting system. The annual business plan and budget are approved by the EXCO committee members and Board. Budgetary control is in place for every operations of the Group, where actual performance is closely monitored against budgets to identify and to address significant variances.

- Group Policies and Procedures

  The Group has documented policies and procedures that are regularly reviewed and updated (if any) to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

  Comprehensive and rigorous guidelines on the employment, performance appraisal and training program and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

- Regular operational and management meetings

  Weekly operational meetings are conducted among senior management to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly meetings of Department Heads are also held to monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the Board for their review.

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 2010 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 finding's 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 9 May 2011.

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 Company has not implemented any corporate proposal during the financial year ended 31 December 2010.

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

6. **Non-Audit Fees**
   The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2010 is RM33,000.00.

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

The breakdown of the aggregate value of the recurrent related party transactions pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 27 May 2010 is as follows:

Type of the RRPT	Related Parties involved	Relationship of the Related Parties with Gefung Holdings Berhad ("Gefung")	Actual Aggregate Value Transacted* (RM)
Sale of stones and provision of contract workmanship andother related services by SBG to E & O Group	Eastern & Oriental Berhad and its subsidiaries ("E & O Group")	Datuk Azizan Bin Abd Rahman, a Director andshareholder of Gefung, is also a Director of E & O Group.	Nil
The sale of stones and provision of contract workmanship and other related services by SBG to Capitala	Mubadala CapitaLand Real Estate LLC ("Capitala")	Wong Heang Fine, a Director of Gefung, is the Chief Executive Officer of Capitala and Director of CapitaLand GCC Holdings Pte Ltd which is a subsidiary of CapitaLand Limited	Nil
The sale of stones and provision of contract workmanship and other related services by SBG to FK	Firasat Klasik Sdn Bhd ("FK")	Dato' Lim Kim Huat, a Director and substantial shareholder of Gefung, is a Director and shareholder of FK.	Nil
The sale of stones and provision of contract workmanship and other related services by SBG to Lien Hoe Group	Lien Hoe Group	Cheong Marn Seng, a Director and shareholder of Gefung, is a Director and shareholder of Lien Hoe Group.	Nil
The sale of stones and provision of contract workmanship and other related services by SBG to Newcom	Newcom Sdn Bhd ("Newcom")	Dato' Lim Kim Huat, a Director and substantial shareholder of Gefung, is a Director and shareholder of Newcom.	Nil
The sale of stones and provision of contract workmanship and other related services by SBG to Sunrise Group	Sunrise Berhad and its subsidiaries ("Sunrise Group")	Dato' Lim Kim Huat, a Director and substantial shareholder of Gefung, is a Director of Sunrise Group and then substantial shareholder of Sunrise Group.	123

* The above actual value of the recurrent related party transactions is for the period from 27 May 2010 to 3 May 2011.




FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of Gefung Holdings Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 5 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 after taxation for the financial year	(56,798)	(33,333)
Attributable to:-		
Owners of the Company	(56,798)	(33,333)

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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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 impairment losses on receivables 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.

DIRECTORS' REPORT

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. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as explained in Note 3(B) to the financial statements.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 37 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
LOI HENG SEWN
WONG HEANG FINE
CHEONG MARN SENG
RAMI BAZZI (APPOINTED ON 18.02.2011)
KHAYAT, YOUSUF MOHAMEDYAQUB Y (RESIGNED ON 12.01.2011)

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 1.1.2010 '000	BOUGHT '000	SOLD '000	AT 31.12.2010 '000
THE COMPANY				
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

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

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' 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.

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The significant events subsequent to the reporting period are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, are not seeking re-appointment at the forthcoming annual general meeting.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2011

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 34 to 82 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 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 42, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2011

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

STATUTORY DECLARATION

I, Tan Ching Pding, 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 34 to 82 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)
Tan Ching Pding)
at Kuala Lumpur in the Federal Territory)
on this 28 April 2011)

Tan Ching Pding

Before me,
No.W-275
Datin Hajah Raihela Wanchik
Commissioner for Oaths
Kuala Lumpur

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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 82.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2010 and of their financial performance and cash flows for the financial year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3(B) to the financial statements which discloses the premise upon which the Group and the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred a net loss of RM56,798,000 and RM33,333,000, respectively during the financial year ended 31 December 2010, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GEFUNG HOLDINGS BERHAD (Incorporated in Malaysia) Company No : 654188 - H

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 5 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.

The supplementary information set out in Note 42 on page 82 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
28 April 2011

Poon Yew Hoe
Approval No: 956/04/12 (J)
Chartered Accountant

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTE	THE GROUP 31.12.2010 RM'000	RESTATED 31.12.2009 RM'000	RESTATED 1.1.2009 RM'000	THE COMPANY 31.12.2010 RM'000	31.12.2009 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investments in subsidiaries	5	-	-	-	72,817	103,663
Property, plant and equipment	6	17,490	16,127	17,708	285	314
Mining rights		-	-	19,838	-	-
Prepaid land lease payments	7	-	-	-	-	-
Investment property	8	755	771	788	755	771
Intangible assets	9	18,182	52,885	53,754	-	-
Trade receivables	10	2,778	-	-	-	-
		39,205	69,783	92,088	73,857	104,748
CURRENT ASSETS						
Inventories	11	51,183	69,752	60,384	-	-
Amount owing by contract customers	12	2,544	2,004	1,183	-	-
Trade receivables	10	19,899	30,615	46,662	-	-
Other receivables, deposits and prepayments	13	5,998	10,560	13,221	367	353
Amount owing by subsidiaries	14	-	-	-	12,635	14,979
Amount owing by a former director		-	-	1,661	-	-
Tax refundable		100	519	464	-	-
Fixed deposits with licensed banks	15	5,983	4,759	3,594	-	-
Cash and bank balances		1,459	859	811	5	14
		87,166	119,068	127,980	13,007	15,346
TOTAL ASSETS		126,371	188,851	220,068	86,864	120,094
EQUITY AND LIABILITIES						
EQUITY						
Share capital	16	154,800	154,800	154,800	154,800	154,800
Other reserves	17	4,554	12,307	12,590	-	-
Accumulated losses		(77,115)	(19,495)	(1,615)	(68,890)	(35,557)
TOTAL EQUITY		82,239	147,612	165,775	85,910	119,243
NON-CURRENT LIABILITIES						
Long-term borrowings	18	1,268	293	778	99	260
Deferred taxation	21	35	35	4,559	-	-
		1,303	328	5,337	99	260
CURRENT LIABILITIES						
Amount owing to contract customers	12	139	-	-	-	-
Trade payables	22	4,965	8,363	6,753	-	-
Other payables and accruals	23	8,847	5,602	13,591	601	405
Amount owing to directors	24	1,200	-	-	-	-
Provision for taxation		560	980	2,586	-	-
Short-term borrowings	25	21,840	22,865	23,360	161	160
Bank overdrafts	26	5,278	3,101	2,666	93	26
		42,829	40,911	48,956	855	591
TOTAL LIABILITIES		44,132	41,239	54,293	954	851
TOTAL EQUITY AND LIABILITIES		126,371	188,851	220,068	86,864	120,094

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	27	55,616	42,469	-	-
COST OF SALES		(50,438)	(38,637)	-	-
GROSS PROFIT		5,178	3,832	-	-
OTHER INCOME		1,068	1,657	1	-
		6,246	5,489	1	-
SELLING AND MARKETING EXPENSES		(2,511)	(2,480)	-	-
ADMINISTRATIVE EXPENSES		(8,916)	(9,632)	(2,125)	(2,332)
OTHER EXPENSES		(49,881)	(9,553)	(31,182)	(571)
FINANCE COSTS		(1,759)	(1,704)	(27)	(36)
LOSS BEFORE TAXATION	28	(56,821)	(17,880)	(33,333)	(2,939)
INCOME TAX EXPENSE	29	23	-	-	-
LOSS AFTER TAXATION		(56,798)	(17,880)	(33,333)	(2,939)
OTHER COMPREHENSIVE EXPENSES, NET OF TAX					
- Foreign currency translation		(7,753)	(283)	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(64,551)	(18,163)	(33,333)	(2,939)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(56,798)	(17,880)	(33,333)	(2,939)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(64,551)	(18,163)	(33,333)	(2,939)
LOSS PER SHARE (SEN):	30				
- basic		(36.69)	(11.55)		
- diluted		N/A	N/A		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		<- NON-DISTRIBUTABLE	->	DISTRIBUTABLE	
		SHARE CAPITAL	OTHER RESERVES	ACCUMULATED LOSSES	TOTAL EQUITY
THE GROUP	**NOTE**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1.1.2009		154,800	12,590	(1,615)	165,775
Total comprehensive expenses for the financial year		-	(283)	(17,880)	(18,163)
Balance at 31.12.2009/1.1.2010					
- as previously reported		154,800	12,307	(19,495)	147,612
- effect of adopting FRS 139	3(a)(iii)	-	-	(822)	(822)
- as restated		154,800	12,307	(20,317)	146,790
Total comprehensive expenses for the financial year		-	(7,753)	(56,798)	(64,551)
Balance at 31.12.2010		154,800	4,554	(77,115)	82,239
THE COMPANY					
Balance at 1.1.2009		154,800	-	(32,618)	122,182
Total comprehensive expenses for the financial year		-	-	(2,939)	(2,939)
Balance at 31.12.2009/1.1.2010		154,800	-	(35,557)	119,243
Total comprehensive expenses for the financial year		-	-	(33,333)	(33,333)
Balance at 31.12.2010		154,800	-	(68,890)	85,910

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Loss before taxation		(56,821)	(17,880)	(33,333)	(2,939)
Adjustments for:-					
Allowance for slow-moving inventories		203	-	-	-
Bad debts written off		1,301	2,719	-	-
Deposit written off		-	51	-	-
Depreciation of property, plant and equipment		1,561	1,837	47	46
Depreciation of investment property		16	17	16	17
Gain on disposal of mining rights		-	(390)	-	-
Gain on disposal of plant and equipment		(98)	(187)	-	-
Impairment loss on intangible assets		30,846	-	-	-
Impairment loss on investment of a subsidiary		-	-	30,846	-
Impairment loss on trade and other receivables		10,775	4,571	-	314
Loss/(Gain) on foreign exchange:					
- unrealised		193	(28)	335	258
Property, plant and equipment written off		-	10	-	-
Writeback of impairment loss on trade receivables		(1)	(31)	-	-
Writedown of inventories		4,636	1,534	-	-
Interest expense		1,759	1,702	27	36
Interest income		(204)	(140)	-	-
Operating loss before working capital changes		(5,834)	(6,215)	(2,062)	(2,268)
Decrease/(Increase) in inventories		9,552	(10,887)	-	-
(Increase)/Decrease in trade and other receivables		(1,038)	10,134	(14)	13
Increase/(Decrease) in trade and other payables		341	1,966	196	(375)
CASH FOR OPERATIONS		3,021	(5,002)	(1,880)	(2,630)
Interest paid		(1,759)	(1,702)	(27)	(36)
Income tax refunded/(paid)		90	(1,523)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD		1,352	(8,227)	(1,907)	(2,666)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		1,352	(8,227)	(1,907)	(2,666)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	2,009	(7,328)
Interest received		128	140	-	-
Purchase of property, plant and equipment	31	(3,137)	(2,065)	(18)	-
Proceeds from disposal of mining rights		-	7,833	-	-
Profit guarantee shortfall from the vendors		-	14,230	-	14,230
Proceeds from disposal of property, plant and equipment		98	1,836	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,911)	21,974	1,991	6,902
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances from directors		1,200	-	-	-
Repayment to a former director		-	(12,138)	-	(3,975)
Drawdown of term loans		7,633	9,054	-	-
Increase/(Decrease) in bills payable		1,325	(584)	-	-
Repayment of term loans		(8,552)	(8,864)	(128)	(128)
Repayment of hire purchase obligations		(341)	(469)	(32)	(149)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		1,265	(13,001)	(160)	(4,252)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(294)	746	(76)	(16)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		(59)	32	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,517	1,739	(12)	4
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	2,164	2,517	(88)	(12)

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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 28 April 2011.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF ACCOUNTING

(A) Basis of Preparation

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

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

3. BASIS OF ACCOUNTING (CONT'D)

(A) Basis of Preparation (Cont'd)

(a) **FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)**

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

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 classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 39(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	NOTE	THE GROUP AT 1.1.2010 RM'000
Accumulated losses		
Remeasurement of trade receivables	(aa)	(822)

3. BASIS OF ACCOUNTING (CONT'D)

(A) Basis of Preparation (Cont'd)

(a) (iii) The financial impact to the financial statements is summarised as follows (Cont'd):-

Prior to 1 January 2010, retention sums included in trade receivables were recorded at cost. With the adoption of FRS 139, these retention sums are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

(iv) The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 37 to the financial statements.

(v) The Group has adopted the amendments made to FRS 117 - Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

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

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2010
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

3. BASIS OF ACCOUNTING (CONT'D)

(A) Basis of Preparation (Cont'd)

(b) **FRSs and IC Interpretations (including the Consequential Amendments)**	**Effective date**
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) 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) FRS 127 (Revised) 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 FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

(B) Going Concern

At the end of the reporting period, the Group had the following:-

(i) a net loss of approximately RM56,798,000 during the financial year ended 31 December 2010; and
(ii) total accumulated losses of approximately RM77,115,000.

The accompanying financial statements have been prepared assuming the Group will continue as a going concern. This basis presumes that the Group will continue to receive financial support from the bankers and creditors, and that the future operating results of the Group will continue to be profitable.

The Group had announced a restructuring exercise, details of which are set out in Note 40(b) to the financial statements, and it is assumed that the restructuring exercise will be successfully implemented as planned.

4. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Income Taxes

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

(iii) Impairment of Non-financial 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. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

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) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(vi) 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.

(vii) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(viii) 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.

(ix) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(x) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

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.

(c) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities 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 profit or loss. 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 as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies (Cont'd)

(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 end of the reporting period 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 recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

  As at the end of the reporting period, there were no financial assets classified under this category.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) 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.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period 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 recognised in profit or loss.

(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:-

Leasehold land	Over the lease period of 43 - 85 years
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 the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. 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 recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

In the previous financial year, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 - Leases in relation to the classification of the lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

(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 the end of each reporting period.

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

On the derecognition of mining rights, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

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 recognised in profit or loss.

(j) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period 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' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss 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 profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(k) 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 recognised in profit or loss over the periods of the respective hire purchase agreements.

(l) 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.

(m) 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.

(n) Provisions

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 the end of each reporting period 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income Taxes

Income tax 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 end of the reporting period.

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. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period 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.

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 end of the reporting period.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination 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.

(p) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

(q) 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.

(r) 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 recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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.

(t) Contingent Liabilities

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.

(u) 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.

(v) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
Unquoted shares at cost:-		
In Malaysia	12,825	12,825
Outside Malaysia	90,838	90,838
	103,663	103,663
Accumulated impairment losses:-		
At 1 January	-	-
Addition during the financial year	(30,846)	-
At 31 December	(30,846)	-
	72,817	103,663

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	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	Ceased operations.

Notes:-

\# - Held through SBG
* - Not audited by Messrs. Crowe Horwath

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

6. PROPERTY, PLANT AND EQUIPMENT

	AS PREVIOUSLY RESTATED AT 1.1.2010 RM'000	EFFECTS OF FRS 117 RM'000	AS RESTATED AT 1.1.2010 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	AT 31.12.2010 RM'000
THE GROUP							
NET BOOK VALUE							
Leasehold land	-	2,743	2,743	-	(85)	(133)	2,525
Buildings	8,494	-	8,494	1,945	(429)	(403)	9,607
Plant and machinery	3,343	-	3,343	245	(756)	(158)	2,674
Motor vehicles	556	-	556	487	(199)	(27)	817
Office and other equipment	497	-	497	103	(92)	(7)	501
Work-in-progress	494	-	494	872	-	-	1,366
	13,384	2,743	16,127	3,652	(1,561)	(728)	17,490

	AS PREVIOUSLY REPORTED AT 1.1.2009 RM'000	EFFECTS OF FRS 117 RM'000	AS RESTATED AT 1.1.2009 RM'000	ADDITIONS RM'000	RESTATED DISPOSALS/ WRITTEN OFF RM'000	RESTATED DEPRECIATION CHARGE RM'000	RESTATED FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	RESTATED AT 31.12.2009 RM'000
THE GROUP								
NET BOOK VALUE								
Leasehold land	-	3,303	3,303	-	(435)	(93)	(32)	2,743
Buildings	8,324	-	8,324	907	(254)	(404)	(79)	8,494
Plant and machinery	4,511	-	4,511	512	(686)	(963)	(31)	3,343
Motor vehicles	1,051	-	1,051	-	(247)	(241)	(7)	556
Office and other equipment	519	-	519	152	(37)	(136)	(1)	497
Work-in-progress	-	-	-	494	-	-	-	494
	14,405	3,303	17,708	2,065	(1,659)	(1,837)	(150)	16,127

6. 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 31.12.2010				
Leasehold land	3,113	(455)	(133)	2,525
Buildings	13,116	(3,106)	(403)	9,607
Plant and machinery	16,416	(13,584)	(158)	2,674
Motor vehicles	1,583	(739)	(27)	817
Office and other equipment	1,784	(1,276)	(7)	501
Work-in-progress	1,366	-	-	1,366
	37,378	(19,160)	(728)	17,490

	RESTATED AT COST RM'000	RESTATED ACCUMULATED DEPRECIATION RM'000	RESTATED FOREIGN CURRENCY TRANSLATION DIFFERENCES RM'000	RESTATED NET BOOK VALUE RM'000
AT 31.12.2009				
Leasehold land	3,150	(375)	(32)	2,743
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
	34,675	(18,398)	(150)	16,127

	AT 1.1.2010 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2010 RM'000
THE COMPANY				
NET BOOK VALUE				
Motor vehicle	114	-	(16)	98
Office and other equipment	200	18	(31)	187
	314	18	(47)	285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

	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 COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
THE COMPANY			
AT 31.12.2010			
Motor vehicle	163	(65)	98
Office and other equipment	310	(123)	187
	473	(188)	285
AT 31.12.2009			
Motor vehicle	163	(49)	114
Office and other equipment	292	(92)	200
	455	(141)	314

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 RM482,000 (2009 - RM494,000).

The net book values of the property, plant and equipment of the Group at the end of the reporting period pledged as security for bank borrowings were as follows:-

	THE GROUP 2010 RM'000	2009 RM'000
Leasehold land	2,525	2,743
Buildings	6,052	6,651
Plant and machinery	100	105
Motor vehicles	5	11
Office and other equipment	216	197
	8,898	9,707

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

The net book values of the property, plant and equipment of the Group and of the Company at the end of the reporting period acquired under hire purchase terms were as follows:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Plant and machinery	897	805	-	-
Motor vehicles	354	114	98	114
Work-in-progress	176	-	-	-
	1,427	919	98	114

7. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2010 RM'000	2009 RM'000
Leasehold land, at cost		
- as previously reported	2,937	2,937
- Effects of FRS 117	(2,937)	(2,937)
- as restated	-	-
Accumulated amortisation		
- as previously reported	194	194
- Effects of FRS 117	(194)	(194)
	-	-
	-	-

The Group has adopted the amendments made to FRS117 - Leases during the financial year. The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

8. INVESTMENT PROPERTY

	THE GROUP/ THE COMPANY	
	2010 RM'000	2009 RM'000
Freehold building:-		
At cost	804	804
Accumulated depreciation	(49)	(33)
Net book value	755	771
Accumulated depreciation:-		
At 1 January	(33)	(16)
Depreciation during the financial year	(16)	(17)
At 31 December	(49)	(33)
At fair value	830	807

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

8. INVESTMENT PROPERTY (CONT'D)

The investment property has been pledged as security for banking facilities granted to the Company as disclosed in Note 20 to the financial statements.

9. INTANGIBLE ASSETS

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Goodwill:-		
At 1 January	52,885	53,754
Impairment losses	(30,846)	-
Foreign exchange translation differences	(3,857)	(869)
At 31 December	18,182	52,885
Impairment losses:-		
At 1 January	-	-
Addition during the financial year	(30,846)	-
At 31 December	(30,846)	-

(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 2010 RM'000	THE GROUP 2009 RM'000
Malaysia	1,477	1,477
The People's Republic of China ("China")	16,705	51,408
	18,182	52,885

(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 2010	Growth Rate	Discount Rate
Malaysia	2.5%	8%
China	8.0%	8%

9. INTANGIBLE ASSETS (CONT'D)

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

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 are 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.

10. TRADE RECEIVABLES

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Trade receivables:-		
Non-current	2,778	-
Current	33,307	34,864
Allowance for impairment losses	(13,408)	(4,249)
	19,899	30,615
	22,677	30,615
Allowance for impairment losses:-		
At 1 January	(4,249)	(339)
Effect of adopting FRS 139	(484)	-
Addition during the financial year	(9,042)	(4,051)
Writeback during the financial year	1	31
Foreign exchange translation differences	366	110
At December	(13,408)	(4,249)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

11. INVENTORIES

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
At cost:-		
Raw materials	7,505	13,400
Work-in-progress	4,958	7,020
Finished goods	36,104	46,549
Goods-in-transit	627	2,119
Consumables	1,183	664
	50,377	69,752
At net realisable value:-		
Raw materials	412	-
Work-in-progress	51	-
Finished goods	343	-
	51,183	69,752

12. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Amount owing by:-		
Contract costs	8,612	5,812
Attributable profits	1,879	454
	10,491	6,266
Progress billings	(7,947)	(4,262)
	2,544	2,004
Amount owing to:-		
Contract costs	1,218	-
Attributable profits	265	-
	1,483	-
Progress billings	(1,622)	-
	(139)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other receivables	4,247	8,403	647	636
Deposits	3,808	2,479	26	24
Prepayments	170	198	8	7
	8,225	11,080	681	667
Allowance for impairment losses	(2,227)	(520)	(314)	(314)
	5,998	10,560	367	353
Allowance for impairment losses:-				
At 1 January	(520)	(520)	(314)	(314)
Addition during the financial year	(1,733)	-	-	-
Foreign exchange translation differences	26	-	-	-
At 31 December	(2,227)	(520)	(314)	(314)

14. 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.

15. 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 25 to the financial statements.

The effective interest rates of the fixed deposits with licensed banks ranged from 2.00% to 2.80% (2009 - 2.00% to 2.50%) per annum at the end of the reporting period. The fixed deposits have a maturity period of 1 year (2009 - 1 year).

16. SHARE CAPITAL

	THE COMPANY			
	2010 NUMBER OF SHARES ('000)	2009 NUMBER OF SHARES ('000)	2010 RM'000	2009 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

17. OTHER RESERVES

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Foreign currency translation reserve:-	(a)		
At 1 January		9,098	9,381
Arising from the current financial year		(7,753)	(283)
At 31 December		1,345	9,098
Reserve fund:-	(b)		
At 1 January/31 December		3,209	3,209
Total		4,554	12,307

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

(a) Foreign Currency Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

(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 the subsidiary's registered capital. This reserve is not available for dividend distributable to shareholders.

18. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Hire purchase payables (Note 19)	325	69	3	36
Term loans (Note 20)	943	224	96	224
	1,268	293	99	260

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

19. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Minimum hire purchase payments:				
- not later than one year	212	283	34	35
- later than one year and not later than five years	350	70	3	37
	562	353	37	72
Less: Future finance charges	(50)	(15)	(1)	(4)
Present value of hire purchase payables	512	338	36	68
Current portion(Note 25):				
- not later than one year	187	269	33	32
Non-current portion (Note 18):				
- later than one year and not later than five years	325	69	3	36
	512	338	36	68

20. TERM LOANS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current portion (Note 25):				
- not later than one year	6,914	9,182	128	128
Non-current portion (Note 18):				
- later than one year and not later than two years	96	128	96	128
- later than two years and not later than five years	847	96	-	96
	943	224	96	224
	7,857	9,406	224	352

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 2010 RM'000	2009 RM'000
1	20	32,000	5 December 2008	224	352

The term loan of the Company is secured by:-

(a) a legal charge over a piece of freehold property as disclosed in Note 8; and
(b) a corporate guarantee of its subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

20. TERM LOANS (CONT'D)

Included in the term loans of the Group at the end of the reporting period was an amount of RM6,786,000 (2009 - RM9,054,000) granted to a foreign subsidiary. The amount is repayable in full upon the maturity period of 1 year (2009 - 1 year). The term loan is secured by the leasehold land and building of the foreign subsidiary.

Included in the term loans of the Group at the end of the reporting period, is a term loan which is repayable in 84 monthly instalments of RM20,050. At the end of the reporting period, the term loan has not been fully drawndown. The repayment will commence from the full drawdown of the term loan amounting to RM1,440,000.

21. DEFERRED TAXATION

	THE GROUP	
	2010 RM'000	2009 RM'000
At 1 January	35	4,559
Arising from disposal of mining rights	-	(4,524)
At 31 December	35	35

The deferred taxation is attributable to the following:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	267	217
Unrealised foreign exchange gains - trade	-	22
	267	239
Deferred tax asset:-		
Unutilised tax losses	(232)	(204)
	35	35

No deferred tax assets were recognised at the end of the reporting period on the following items:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Allowance for impairment losses	14,161	3,630
Allowance for slow moving inventories	203	-
Unrealised loss on foreign exchange - trade	248	-
Unabsorbed capital allowances	944	602
Unutilised tax losses	7,400	5,337
Others	-	38
	22,956	9,607

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2009 - 30 to 90 days).

23. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group at the end of the reporting period was an amount of RM85,000 (2009 - RM160,000) 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.

24. AMOUNT OWING TO DIRECTORS

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

25. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Bankers' acceptances	2,691	2,750	-	-
Trust receipts	12,048	10,664	-	-
Hire purchase payables (Note 19)	187	269	33	32
Term loans (Note 20)	6,914	9,182	128	128
	21,840	22,865	161	160

The bankers' acceptances and trust receipts 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 15 to the financial statements;

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

(d) a corporate guarantee of the Company.

26. BANK OVERDRAFTS

The bank overdrafts are secured in the same manner as the short-term borrowings disclosed in Note 25 to the financial statements.

27. REVENUE

	THE GROUP	
	2010 RM'000	2009 RM'000
Sale of marble slabs and blocks	31,296	32,235
Contract revenue	24,320	10,234
	55,616	42,469

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

28. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Allowance for slow-moving inventories	203	-	-	-
Audit fee:				
- for the financial year	103	104	70	70
- overprovision in the previous financial year	-	(5)	-	(5)
- other non-statutory services	33	3	33	3
Bad debts written off	1,301	2,719	-	-
Deposit written off	-	51	-	-
Depreciation of investment property	16	17	16	17
Depreciation of property, plant and equipment	1,561	1,837	47	46
Directors' fees	192	260	192	260
Directors non-fee emoluments	982	1,474	673	1,062
Impairment loss on intangible assets	30,846	-	-	-
Impairment loss on investment in a subsidiary	-	-	30,846	-
Impairment loss on trade and other receivables	10,775	4,571	-	314
Interest expense:				
- bank overdrafts	281	172	6	4
- bills payable	1,020	921	-	-
- hire purchase	34	48	3	6
- term loans	424	561	18	26
Loss/(Gain) on foreign exchange:				
- realised	729	435	523	-
- unrealised	193	(28)	335	258
Property, plant and equipment written off	-	10	-	-
Rental of land	-	12	-	-
Rental of premises	471	306	69	69
Staff costs:				
- salaries, wages, bonuses and allowances	6,343	4,465	528	325
- defined contribution plan	194	144	57	29
- other benefits	850	67	15	9
Writedown of inventories	4,636	1,534	-	-
Gain on disposal of mining rights	-	(390)	-	-
Gain on disposal of plant and equipment	(98)	(187)	-	-
Interest income	(128)	(140)	-	-
Interest income on receivables financial assets	(76)	-	-	-
Rental income from property, plant and equipment	(250)	-	-	-
Writeback of impairment loss on trade receivables	(1)	(31)	-	-

29. INCOME TAX EXPENSE

	THE GROUP	
	2010 RM'000	2009 RM'000
Income tax:-		
Overprovision in the previous financial year:		
- Malaysian income tax	23	-
	23	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009 - 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

29. INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loss before taxation	(56,821)	(17,880)	(33,333)	(2,939)
Tax at the statutory tax rate of 25%	(14,205)	(4,470)	(8,333)	(735)
Tax effects of:-				
Non-taxable gains	(15)	(1,681)	-	-
Non-deductible expenses	10,883	3,237	8,333	735
Deferred tax asset not recognised during the financial year	3,337	2,610	-	
Overprovision of income tax in the prior years	(23)	-	-	-
Others	-	304	-	-
Tax for the financial year	(23)	-	-	-

30. LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss attributable to shareholders of RM56,798,000 (2009 - RM17,880,000) by the number of ordinary shares in issue during the financial year of 154,800,000 (2009 - 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.

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost of property, plant and equipment purchased	3,652	2,065	18	-
Amount financed through hire purchase	(515)	-	-	-
Cash disbursed for purchase of property, plant and equipment	3,137	2,065	18	-

32. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed banks (Note 15)	5,983	4,759	-	-
Cash and bank balances	1,459	859	5	14
Bank overdrafts	(5,278)	(3,101)	(93)	(26)
	2,164	2,517	(88)	(12)

NOTES TO THE FINANCIAL STATEMENTS
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33. DIRECTORS' REMUNERATION

(a) 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors' remuneration:				
- Salaries, bonus and other emoluments	601	150	601	150
- Defined contribution plans	72	18	72	18
	673	168	673	168
Executive directors' remuneration of subsidiaries:				
- Salaries, bonus and other emoluments	191	150	-	-
- Estimated money value of benefits-in-kind	118	107	-	-
	309	257	-	-
Former executive director's remuneration:				
- Salaries, bonus and other emoluments	-	824	-	730
- Defined contribution plans	-	64	-	64
- Estimated money value of benefits-in-kind	-	100	-	100
	-	988	-	894
Former executive director's remuneration of subsidiaries:				
- Salaries, bonus and other emoluments	-	58	-	-
- Defined contribution plans	-	3	-	-
	-	61	-	-
Total directors' non-fee emoluments	982	1,474	673	1,062
Non-executive directors' fee	192	260	192	260
Total directors' remuneration including benefits-in-kind	1,174	1,734	865	1,322

(b) The number of directors of the Group and of Company at the end of the financial year whose total remuneration during the financial year fell within the following bands are analysed below:-

	THE GROUP/THE COMPANY NUMBER OF DIRECTORS	
	2010	2009
EXECUTIVE DIRECTORS:		
RM50,001 - RM100,000	-	2
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	1	-
NON-EXECUTIVE DIRECTORS:		
RM50,000 and below	3	3
RM50,001 - RM100,000	1	1
	6	6

34. SIGNIFICANT 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 transaction with their related parties in the previous financial year:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
A related party:				
- purchases	-	665	-	-
(c) Key management personnel compensation including directors' remuneration:				
- Short-term employee benefits	2,362	2,042	1,199	1,394

35. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

(i) Manufacturing segment - involved in processing, trading, exporting and trading of marble blocks.

(ii) Extraction and trading segment - involved in extraction and trading of marble blocks.

(iii) Investment holding - involved in investment holding.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	GROUP RM'000
2010				
Revenue				
External revenue	55,616	-	-	55,616
Inter-segment revenue	21,355	-	-	21,355
Total revenue	76,971	-	-	76,971
Adjustment and elimination				(21,355)
Consolidated revenue				55,616
Results				
Segment results	(7,934)	(100)	(2,523)	(10,557)
Interest income	128	-	-	128
Other material items of income	250	-	-	250
Depreciation of property, plant and equipment	1,514	-	63	1,577
Other material items of expenses	(10,775)	-	-	(10,775)
Other non-cash expenses	(35,685)	-	-	(35,685)
	(52,502)	(100)	(2,460)	(55,062)
Finance costs				(1,759)
Income tax expense				23
Consolidated loss after taxation				(56,798)
Assets				
Segment assets	123,472	1,386	1,413	126,271
Unallocated assets				100
Consolidated total assets				126,371
Liabilities				
Segment liabilities	42,574	9	954	43,537
Deferred taxation				35
Provision for taxation				560
Consolidated total liabilities				44,132
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	3,634	-	18	3,652

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	MANUFACTURING RM'000	EXTRACTION AND TRADING RM'000	INVESTMENT HOLDING RM'000	GROUP RM'000
2009				
Revenue				
External revenue	42,119	350	-	42,469
Inter-segment revenue	13,153	-	-	13,153
Total revenue	55,272	350	-	55,622
Adjustment and elimination				(13,153)
Consolidated revenue				42,469
Results				
Segment results	(8,704)	(699)	(2,651)	(12,054)
Interest income	140	-	-	140
Depreciation of property, plant and equipment	1,657	134	62	1,853
Other material items of expenses	(4,267)	-	(314)	(4,581)
Other non-cash expenses	(1,534)	-	-	(1,534)
	(12,708)	(565)	(2,903)	(16,176)
Finance costs				(1,704)
Income tax expense				-
Consolidated loss after taxation				(17,880)
Assets				
Segment assets	185,177	1,703	1,452	188,332
Unallocated assets				519
Consolidated total assets				188,851
Liabilities				
Segment liabilities	39,344	29	851	40,224
Deferred taxation				35
Provision for taxation				980
Consolidated total liabilities				41,239
Other segment items				
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	2,006	59	-	2,065

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

(a) Other material items of income consist of the following:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Rental income from property, plant and equipment	250	-

(b) Other material items of expenses consist of the following:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Impairment loss on trade and other receivables	10,775	4,571
Plant and equipment written off	-	10
	10,775	4,581

(c) Other non-cash expenses consist of the following:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Allowance for slow-moving inventories	203	-
Impairment loss on investment of a subsidiary	30,846	-
Writedown of inventories	4,636	1,534
	35,685	1,534

GEOGRAPHICAL INFORMATION

	REVENUE		NON-CURRENT ASSETS	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	25,512	13,643	9,583	7,610
China	30,104	28,476	29,622	62,173
Turkey	-	350	-	-
	55,616	42,469	39,205	69,783

MAJOR CUSTOMERS

Revenue from two major customers contributed an aggregate revenue of RM10,424,000 (2009 - RM8,801,000) of the Group's total revenue in the manufacturing segment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

36. CAPITAL COMMITMENT

	THE GROUP	
	2010 RM'000	2009 RM'000
Approved and contracted for:-		
Property, plant and equipment	692	1,285

37. CONTINGENT LIABILITY

	THE COMPANY	
	2010 RM'000	2009 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	16,443	16,488

38. 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 end of the reporting period are as follows:-

	THE GROUP	
	2010 RM	2009 RM
United States Dollar	3.09	3.43
Euro	-	4.92
Chinese Renminbi	0.47	0.50
United Arab Emirates Dirham	0.84	-
New Turkish Lira	1.99	2.27

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk and interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Chinese Renminbi, Euro, United Arab Emirates Dirham and New Turkish Lira. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

THE GROUP	UNITED STATES DOLLAR RM'000	CHINESE RENMINBI RM'000	UNITED ARAB EMIRATES DIRHAM RM'000	NEW TURKISH LIRA RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2010						
Financial assets						
Amount owing by contract customers	-	-	-	-	2,544	2,544
Trade receivables	131	14,093	2,970	121	5,362	22,677
Other receivables and deposits	2,177	1,740	17	676	1,218	5,828
Fixed deposits with licensed banks	-	-	-	-	5,983	5,983
Cash and bank balances	159	508	-	2	790	1,459
	2,467	16,341	2,987	799	15,897	38,491
Financial liabilities						
Amount owing to contract customers	-	-	-	-	139	139
Term loans	-	6,786	-	-	1,071	7,857
Hire purchase payables	-	-	-	-	512	512
Trade payables	42	3,817	-	2	1,104	4,965
Other payables and accruals	2	6,649	5	4	2,187	8,847
Amount owing to directors	-	-	-	-	1,200	1,200
Bankers' acceptances	-	-	-	-	2,691	2,691
Trust receipts	-	-	-	-	12,048	12,048
Bank overdrafts	-	-	-	-	5,278	5,278
	44	17,252	5	6	26,230	43,537
Net financial assets	2,423	(911)	2,982	793	(10,333)	(5,046)
Less: Net financial assets denominated in the respective entities' functional currencies	-	911	-	(793)	10,333	10,451
Currency exposure	2,423	-	2,982	-	-	5,405

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	CHINESE RENMINBI RM'000	UNITED ARAB EMIRATES DIRHAM RM'000	NEW TURKISH LIRA RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2009						
Financial assets						
Amount owing by contract customers	-	-	-	-	2,004	2,004
Trade receivables	2,490	22,453	-	165	5,507	30,615
Other receivables and deposits	1,122	7,788	-	824	628	10,362
Fixed deposits with licensed banks	-	-	-	-	4,759	4,759
Cash and bank balances	2	792	-	41	24	859
	3,614	31,033	-	1,030	12,922	48,599
Financial liabilities						
Term loans	-	9,054	-	-	352	9,406
Hire purchase payables	-	-	-	-	338	338
Trade payables	352	2,699	1,474	12	3,826	8,363
Other payables and accruals	1	4,269	-	16	1,316	5,602
Bankers' acceptances	-	-	-	-	2,750	2,750
Trust receipts	-	-	-	-	10,664	10,664
Bank overdrafts	-	-	-	-	3,101	3,101
	353	16,022	1,474	28	22,347	40,224
Net financial assets	3,261	15,011	(1,474)	1,002	(9,425)	8,375
Less: Net financial assets denominated in the respective entities' functional currencies	-	(15,011)	-	(1,002)	9,425	(6,588)
Currency exposure	3,261	-	(1,474)	-	-	1,787

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY	CHINESE RENMINBI RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2010			
Financial assets			
Amount owing by subsidiaries	4,484	8,151	12,635
Other receivables and deposits	-	359	359
Cash and bank balances	-	5	5
	4,484	8,515	12,999
Financial liabilities			
Other payables and accruals	-	601	601
Hire purchase payable	-	36	36
Term loan	-	224	224
Bank overdraft	-	93	93
	-	954	954
Net financial assets/(liabilities)	4,484	7,561	12,045
Less: Net financial (assets)/liabilities denominated in the entity's functional currency	-	(7,561)	(7,561)
Currency exposure	4,484	-	4,484
2009			
Financial assets			
Amount owing by subsidiaries	4,819	10,160	14,979
Other receivables and deposits	-	346	346
Cash and bank balances	-	14	14
	4,819	10,520	15,339
Financial liabilities			
Other payables and accruals	-	405	405
Hire purchase payable	-	68	68
Term loan	-	352	352
Bank overdraft	-	26	26
	-	851	851
Net financial assets/(liabilities)	4,819	9,669	14,488
Less: Net financial (assets)/liabilities denominated in the entity's functional currency	-	(9,669)	(9,669)
Currency exposure	4,819	-	4,819

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP 2010 Increase/ (Decrease) RM'000	THE COMPANY 2010 Increase/ (Decrease) RM'000
Effects on profit after taxation		
United States Dollar:-		
- strengthened by 5%	121	-
- weakened by 5%	(121)	-
Chinese Renminbi:-		
- strengthened by 5%	-	224
- weakened by 5%	-	(224)
United Arab Emirates Dirham:-		
- strengthened by 5%	149	-
- weakened by 5%	(149)	-
Effects on equity		
United States Dollar:-		
- strengthened by 5%	121	-
- weakened by 5%	(121)	-
Chinese Renminbi:-		
- strengthened by 5%	-	224
- weakened by 5%	-	(224)
United Arab Emirates Dirham:-		
- strengthened by 5%	149	-
- weakened by 5%	(149)	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 39(a)(iii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amounts as at the end of the reporting period was:-

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Fixed rate instruments		
Fixed deposits with licensed banks	5,983	-
Term loan	(6,786)	-
Hire purchase payables	(512)	(36)
Bankers' acceptances	(2,691)	-
Trust receipts	(12,048)	-
	(16,054)	(36)
Floating rate instruments		
Term loan	(1,071)	(234)
Bank overdrafts	(5,278)	(93)
	(6,349)	(327)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP 2010 Increase/ (Decrease) RM'000	THE COMPANY 2010 Increase/ (Decrease) RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	63	3
Decrease of 100 bp	(63)	(3)
Effects on equity		
Increase of 100 bp	63	3
Decrease of 100 bp	(63)	(3)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not expected to equity price risk.

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 39% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Malaysia	5,361	7,139
China	13,970	22,382
Taiwan	1	3
United Arab Emirates	2,970	-
Turkey	121	165
Korea	6	89
Hong Kong	247	837
Mongolia	1	-
	22,677	30,615

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2010				
Not past due	8,438	-	-	8,438
Past due:-				
- less than 3 months	6,541	-	-	6,541
- 3 to 6 months	966	-	-	966
- over 6 months	20,022	(8,731)	(4,559)	6,732
	35,967	(8,731)	(4,559)	22,677

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 1 year, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2010						
Amount owing to contract customers		139	139	139	-	-
Hire purchase payables	5.10% - 8.25%	512	562	212	350	-
Term loans	5.30% - 6.61%	7,857	8,098	7,061	1,037	-
Trade payables	-	4,965	4,965	4,965	-	-
Other payables and accruals	-	8,847	8,847	8,847	-	-
Amount owing to directors	-	1,200	1,200	1,200	-	-
Bankers' acceptances	5.90%	2,691	2,691	2,691	-	-
Trust receipts	7.80% - 8.30%	12,048	12,048	12,048	-	-
Bank overdrafts	4.73% - 8.30%	5,278	5,278	5,278	-	-
		43,537	43,828	42,441	1,387	-

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2009						
Hire purchase payables	5.10% - 7.65%	338	353	283	70	-
Term loans	5.58% - 5.83%	9,406	9,649	9,409	240	-
Trade payables	-	8,363	8,363	8,363	-	-
Other payables and accruals	-	5,602	5,602	5,602	-	-
Bank overdrafts	7.05% - 7.55%	3,101	3,101	3,101	-	-
Bankers' acceptances	4.80%	2,750	2,750	2,750	-	-
Trust receipts	7.80% - 8.30%	10,664	10,664	10,664	-	-
		40,224	40,482	40,172	310	-
THE COMPANY						
2010						
Term loan	6.61%	224	240	140	100	-
Other payables and accruals	-	601	601	601	-	-
Hire purchase payable	5.10%	36	37	34	3	-
Bank overdraft	7.80%	93	93	93	-	-
		954	971	868	103	-
2009						
Term loan	5.83%	352	386	146	240	-
Other payables and accruals	-	405	405	405	-	-
Hire purchase payable	5.10%	68	72	35	37	-
Bank overdraft	7.05%	26	26	26	-	-
		851	889	612	277	-

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

39. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000
Amount owing to contract customers	139	-
Hire purchase payables	512	338
Term loans	7,857	9,406
Trade payables	4,965	8,363
Other payables and accruals	8,847	5,602
Amount owing to directors	1,200	-
Bank overdrafts	5,278	3,101
Bankers' acceptances	2,691	2,750
Trust receipts	12,048	10,664
	43,537	40,224
Less: Fixed deposits with licensed banks	(5,983)	(4,759)
Less: Cash and bank balances	(1,459)	(859)
Net debt	36,095	34,606
Total equity	82,239	147,612
Debt-to-equity ratio	0.44	0.23

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Financial assets		
Loans and receivables financial assets		
Amount owing by contract customers	2,544	-
Trade receivables	22,677	-
Other receivables and deposits	5,998	367
Amount owing by subsidiaries	-	12,635
Fixed deposits with licensed banks	5,983	-
Cash and bank balances	1,459	5
	38,661	13,007

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

39. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments (Cont'd)

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Financial liabilities		
Other financial liabilities		
Amount owing to contract customers	139	-
Trade payables	4,965	-
Other payables and accruals	8,847	601
Amount owing to directors	1,200	-
Hire purchase payables	512	36
Term loans	7,857	224
Trust receipts	12,048	-
Bankers' acceptances	2,691	-
Bank overdrafts	5,278	93
	43,537	954

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

40. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The details of the significant events subsequent to the reporting period are as follows:-

(a) On 10 March 2011, the Company entered into a Memorandum of Understanding with PT Greenworld Development to undertake a proposed joint venture arrangement in a mixed development project totalling approximately 50.74 acres located in the east of Jakarta, Indonesia.

(b) On 13 April 2011, the Company announced the following:-

(i) a revised proposed reduction in the par value of every existing ordinary share of RM1.00 each in the Company entails the cancellation of RM0.85 of the par value, which will result in a reduction of the existing issued and paid-up share capital of the Company from RM154,800,002 comprising 154,800,002 ordinary shares of RM1.00 each in the Company to approximately RM23,220,000 comprising 154,800,002 ordinary shares of RM0.15 each in the Company;

(ii) a revised proposed renounceable rights issue of up to 193,500,002 new ordinary shares of RM0.15 each in the Company together with 38,700,000 free detachable new warrants on the basis of five right shares for every four existing ordinary shares of RM0.15 each held in the Company after the revised proposed reduction in par value;

(iii) a proposed increase in the authorised share capital of the Company from RM500,000,000 comprising 490,000,000 ordinary shares of RM1.00 each and 100,000,000 Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS") to RM550,000,000 comprising 3,600,000,000 ordinary shares of RM0.15 each and 100,000,000 ICPS;

(iv) revised proposed amendments to the Memorandum and Articles of Association of the Company; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

40. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD (CONT'D)

(b) On 13 April 2011, the Company announced the following (Cont'd):-

(v) a proposed exemption for Dato' Lim Kim Huat under Practice Note 9 of the Malaysian Code on Take-overs and Mergers, 2010 from an obligation to undertake a mandatory take-over offer for the remaining ordinary shares of RM0.15 each in the Company (after the revised proposed reduction in par value) not already held by him after the revised proposed rights issue.

41. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the adoption of the amendments to FRS 117 - Leases as disclosed in Note 3(a)(iv) to the financial statements:-

	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
Consolidated Statement of Financial Position (Extract):-		
Property, plant and equipment	16,127	13,384
Prepaid land lease payments	-	2,743

42. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Total accumulated losses		
- realised	(52,606)	(68,297)
- unrealised	(6,076)	(593)
	(58,682)	(68,890)
Less: Consolidation adjustments	(18,433)	-
At 31 December	(77,115)	(68,890)

LIST OF PROPERTIES

AS AT 31 DECEMBER 2010

Location	Description and existing usage	Tenure	Approximate area	Approximate age of building (years)	Year of acquisition	Net book value as at 31.12.2010 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	34,759m² (Land)/ 8,906m² (Built-up)	11	1999	4,711
No. Lot 3708, Jalan Perusahaan 3, Kamunting Industrial Estate, 34600 Kamunting, Perak, held under title number Pajakan Negeri 108706, Lot No. 16672, Mukim Asam Kumbang, Daerah Larut & Matang, Perak.	A single storey factory	99 years leasehold, expiring in year 2088	8,094m² (Land)/ 2,736m² (Built-up)	16	1994	1,753
Industrial land held under HSD LM 7636, PT No. 5268, Mukin Asam Kumbang, Daerah Larut & Matang, Perak.	An extended single storey factory from Lot 3708	99 years leasehold, expiring in year 2095	8,093m² (Land)/ 2,107m² (Built-up)	13	1997	1,121
Suite 13-23, Zhongshan East Road, Feng Hua, Zhejiang Province, China	Shop unit	40 years leasehold, expiring in year 2043	97.88 m² (Built-up)	2	2008	749
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	260.00m² (Built-up)	3	2007	755
Suite 17, Zhongshan East Road, Feng Hua, Zhejiang Province, China	Office unit	40 years leasehold, expiring in year 2043	108.08 m² (Built-up)	2	2008	445
AL 136, Kampung Baru Sungai Buloh, 47000 Selangor	Own constructed a single storey factory on a piece of leasehold land belonging to a third party	Renewed tenancy agreement to be expired in year 2011 with option to renew for further term	2,822m² (Land)/ 1,632m² (Built-up)	13	1997	482
Unit 2605, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	54.66 m² (Built-up)	3	2009	343
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 m² (Built-up)	3	2009	336
Unit 2011, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58.00 m² (Built-up)	3	2007	313
Unit 2007, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58.26 m² (Built-up)	3	2010	379
Unit 2009, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58.21 m² (Built-up)	3	2010	379
Unit 2015, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	55.38 m² (Built-up)	3	2010	361
Unit 2017, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58.26 m² (Built-up)	3	2010	380
Unit 2023, No. 4339 Bao'an Road, Anting Town, Jiading County, Shanghai, China.	Hotel style service apartment	10 years leasehold, expiring in year 2018	58.21 m² (Built-up)	3	2010	380

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2011

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	:	3,883 Ordinary Shareholders
Voting Rights	:	1 vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

(as per Record of Depositors)

Size of Shareholdings	No. of Holders	%	No. of Shares held	% of issued share capital
Less than 100 shares	50	1.29	1,852	0.01
100 to 1,000 shares	2,651	68.27	888,334	0.57
1,001 to 10,000 shares	712	18.34	3,173,884	2.05
10,001 to 100,000 shares	372	9.58	13,052,815	8.43
100,001 to less than 5% of issued shares	95	2.44	45,832,217	29.61
5% and above of issued shares	3	0.08	91,850,900	59.33
TOTAL	**3,883**	**100.00**	**154,800,002**	**100.00**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(as per Register of Substantial Shareholders' Shareholdings)

		No. of Shares held			
No.	Name	Direct	%	Indirect	%
1	Dato' Lim Kim Huat	39,000,000	25.19	-	-
2	PacificQuest	38,056,000	24.58	-	-
3	Koperasi Permodalan Felda Berhad	14,794,900	9.56	-	-

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

		No. of Shares held			
No.	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	Rami Bazzi	-	-	-	-
6	Wong Heang Fine	-	-	-	-

Note: (a) Held through nominee company.

ANALYSIS OF SHAREHOLDINGS
AS AT 3 MAY 2011

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	38,056,000	24.58
3	Koperasi Permodalan Felda Berhad	14,794,900	9.56
4	CitiGroup Nominees (Asing) Sdn Bhd Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	6,100,000	3.94
5	CitiGroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Vivia Wealth Asset Ltd	5,000,000	3.23
6	RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn Bhd for Perbadanan Nasional Berhad	4,171,900	2.70
7	Seo Aik Leong	2,595,004	1.68
8	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Loi Heng Sewn	2,000,000	1.29
9	Teo Chiang Hong	1,125,000	0.73
10	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Azizan Bin Abd Rahman (MY0531)	1,000,000	0.65
11	Lim Sin Khong	965,000	0.62
12	Sew Paul	885,000	0.57
13	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai (M05)	865,900	0.56
14	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ah Kam	733,500	0.47
15	Wang Sze Yao @ Wang Ming Way	687,100	0.44
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	(Daphne) Lok Ping Yoke	627,900	0.41
19	Affin Nominees (Tempatan) Sdn Bhd Hou Siu Kee	500,000	0.32
20	Lifetime Learning Sdn Bhd	450,000	0.29
21	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Liong Yien	428,000	0.28
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phang Kwang Chee (E-KLC)	412,900	0.27
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Soo Chai (E-IMO)	405,400	0.26
24	Foo Wan Kong	400,000	0.26
25	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Ching Han @ Paul Ngan Ching Han (011)	397,600	0.26
26	Chai Chau @ Peh Chai Chau	390,000	0.25
27	Mary Tan @ Tan Hui Ngoh	390,000	0.25
28	Chung Man Li	374,000	0.24
29	Public Invest Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd (Clients)	370,000	0.24
30	Sim Heng Lee	360,300	0.23

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at Atlanta West, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Friday, 24 June 2011 at 3.00 p.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note A**

2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2010. **(Resolution 1)**

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

   i Mr Rami Bazzi **(Resolution 2)**

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

   i Datuk Azizan bin Abd Rahman **(Resolution 3)**
   ii Mr Cheong Marn Seng **(Resolution 4)**

5. To appoint auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (as per Appendix I) has been received by the Company for the nomination of Messrs Baker Tilly Monteiro Heng who have given their consent to act, for appointment as auditors and of the intention to propose the following ordinary resolution:-

   "THAT Messrs Baker Tilly Monteiro Heng be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Horwath, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following ordinary resolution, with or without modifications:

   AUTHORITY FOR DIRECTORS TO ISSUE SHARES **(Resolution 6)**

   "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. To consider and if thought fit, to pass the following ordinary resolution, with or without modifications:

   PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE") **(Resolution 7)**

   "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 2 June 2011 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.

NOTICE OF ANNUAL GENERAL MEETING

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 Mandate."

8. To consider and if thought fit, to pass the following special resolution, with or without modifications:

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION **(Resolution 8)**

"THAT the deletion, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Appendix II, be and is hereby approved."

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

By Order of the Board

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

Kuala Lumpur
2 June 2011

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.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note A

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

Explanatory Notes on Special Business:-

1. **Resolution 6**

   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 2010 which was not exercised by the Company during the year, will expire at the forthcoming Seventh 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 7**

   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 2 June 2011 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.

3. **Resolution 8**

   This proposed resolution, if passed, will streamline the Company's Articles of Association with the provisions of the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as for housekeeping purpose. Further information on the proposed amendments to the Company's Articles of Association is set out in Appendix II.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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

i Rami Bazzi

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

i Datuk Azizan bin Abd Rahman
ii Cheong Marn Seng

Details of the abovenamed Directors are set out on page 5 and page 7 of this Annual Report while their securities holdings in the Company are set out on page 29 of this Annual Report.

APPENDIX I

Cheong Marn Seng
39 Jalan BU 12/8
Bandar Utama
47800 Petaling Jaya
Selangor

Date: 23 May 2011

The Board of Directors
Gefung Holdings Berhad
Suite E-10-06, Level 10, Block E, Plaza Mont' Kiara
No.2, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur

Dear Sirs,

RE: NOTICE OF NOMINATION OF MESSRS BAKER TILLY MONTEIRO HENG

I, Cheong Marn Seng (NRIC No: 650901-08-6329), a shareholder of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs Baker Tilly Monteiro Heng as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Horwath and to propose the following motion as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company:-

"THAT Messrs Baker Tilly Monteiro Heng be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Horwath, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

(signed)
....
Cheong Marn Seng

APPENDIX II

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

	EXISTING ARTICLES		PROPOSED AMENDMENTS
57	*Business at Annual General Meeting* All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of declaring a dividend, the consideration of the Profit and Loss Account, Balance Sheet and the Reports of the Directors and of the auditors, the election of Directors in the place of those retiring, the fixing of the fees of Directors and the appointment of and the fixing of the remuneration of the auditors.	57	<u>*Business of General Meeting*</u> All business shall be special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of declaring a dividend, the <u>receipt</u> of the <u>audited financial statements</u> and the reports of the Directors and Auditors, the election of Directors in the place of those retiring, <u>the consideration and approval of Directors' fees</u> and the appointment and fixing of the remuneration of the auditors.
130	*Payment by post* Unless otherwise directed, any dividend may be paid by cheque, warrant or banker's draft sent through the post to the registered address of the member entitled, or in case of joint holders to that one whose name shall stand first on the register in respect of the joint holding, and every cheque, warrant or banker's draft so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque, warrant or banker's draft which shall be sent by post duly addressed to the member for whom it is intended.	130	<u>*Mode of Payment of Dividend*</u> <u>Unless otherwise directed, any dividend, interest or other money payable in cash in respect of shares</u> may be paid by cheque, warrant or banker's draft sent through the post to the registered address of the member entitled, or in case of joint holders to that one whose name shall stand first on the register in respect of the joint holding, <u>or paid via electronic or other methods of funds transfer to such account as designated by the member or such member,</u> and every cheque, warrant or banker's draft <u>or electronic transfer</u> so sent shall be made payable to the order of the person to whom it is sent. <u>Every such cheque or warrant or banker's draft or electronic transfer shall be sent at the risk of the person entitled to the money represented thereby</u>. The Company shall not be responsible for the loss of any cheque, warrant or banker's draft which shall be sent by post duly addressed to the member for whom it is intended.

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

Number of ordinary shares held
Central Depository System Account No.

FORM OF PROXY

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 Seventh Annual General Meeting of the Company to be held at Atlanta West, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Friday, 24 June 2011 at 3.00 p.m. or at any adjournment thereof.

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

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2010.		
2.	To re-elect Rami Bazzi as Director.		
3.	To re-elect Datuk Azizan bin Abd Rahman as Director.		
4.	To re-elect Cheong Marn Seng as Director.		
5.	To appoint Messrs Baker Tilly Monteiro Heng as auditors of the Company in place of Messrs Crowe Horwath and to authorised the Directors to fix their remuneration.		
6.	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
8.	Proposed amendments to the Company's Articles of Association.		

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

Dated this ___________ day of ___________, 2011

____
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.

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Affix
Stamp
here

Company Secretary

GEFUNG HOLDINGS BERHAD
(654188-H)

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

Tel : 603-6201 7786   Fax : 603-6201 7286   Website : www.gefung.com.my