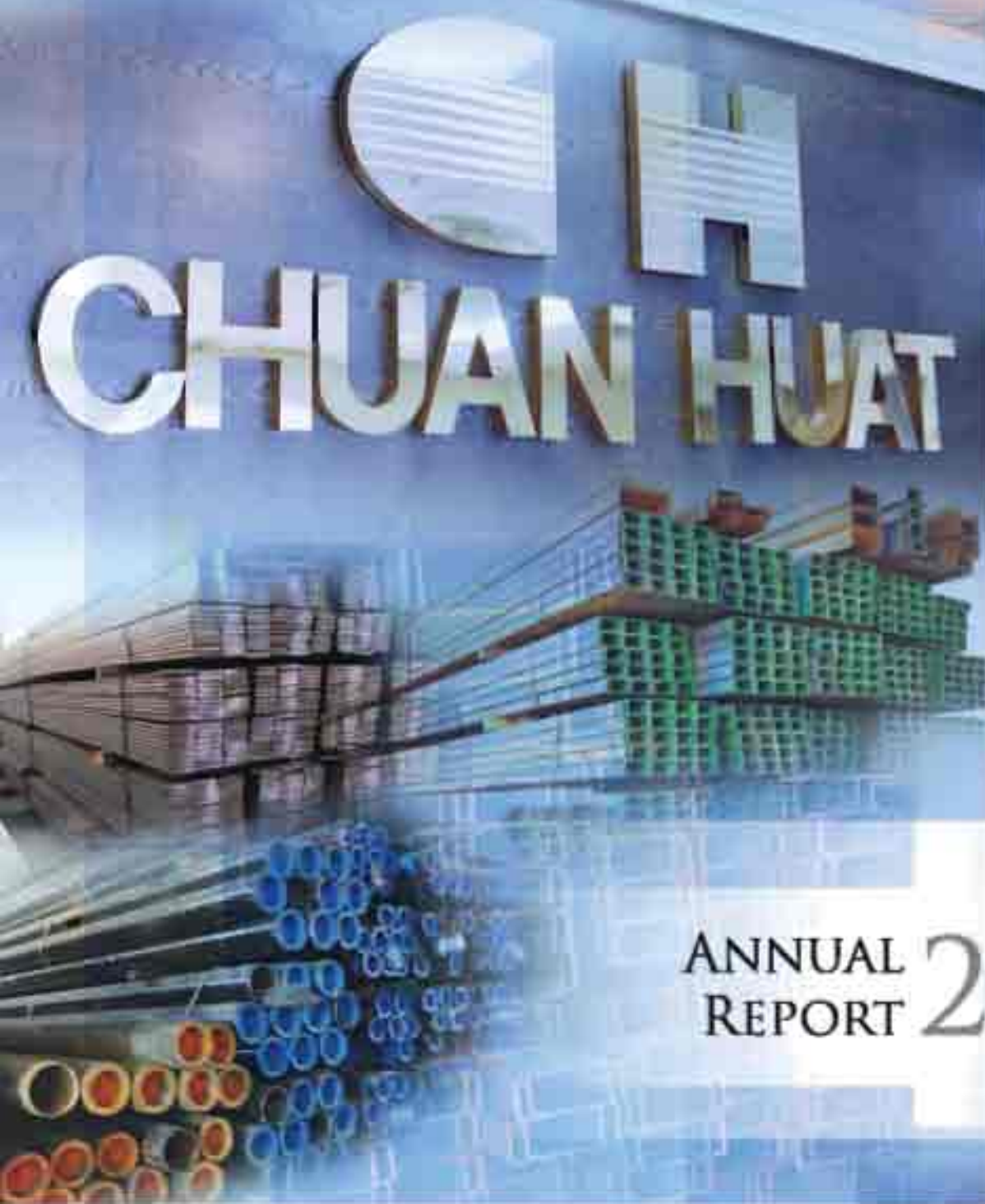


CHUAN HUAT GROUP
CHUAN HUAT RESOURCES BERHAD
(290729-W)



ANNUAL
REPORT 2008

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CORPORATE INFORMATION



BOARD OF DIRECTORS

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
(Non-Executive Chairman)

Dato' Lim Khoon Heng
(CEO/Group Managing Director)

Dato' Lim Loong Heng
(Deputy Managing Director)

Dato' Lim Khoon Hock
(Executive Director)

Tai Keat Chai
(Independent Non-Executive Director)

Dali Kumar @ Dali Bin Sardar
(Independent Non-Executive Director)

Leow Bock Lim
(Independent Non-Executive Director)



SECRETARIES

Tay Lee Siang (LS 00129)
Pan Kow Bah (LS 0008906)

REGISTERED OFFICE

Wisma Lim Kim Chuan
Lot 50A, Section 92A
3 ½ Miles Off Jalan Sungai Besi
57100 Kuala Lumpur
Tel No : 03-7983 3333
Fax No : 03-7980 3333

PRINCIPAL BANKERS

RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
EON Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

AUDITORS

Ong Boon Bah & Co.
B-10-1, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur

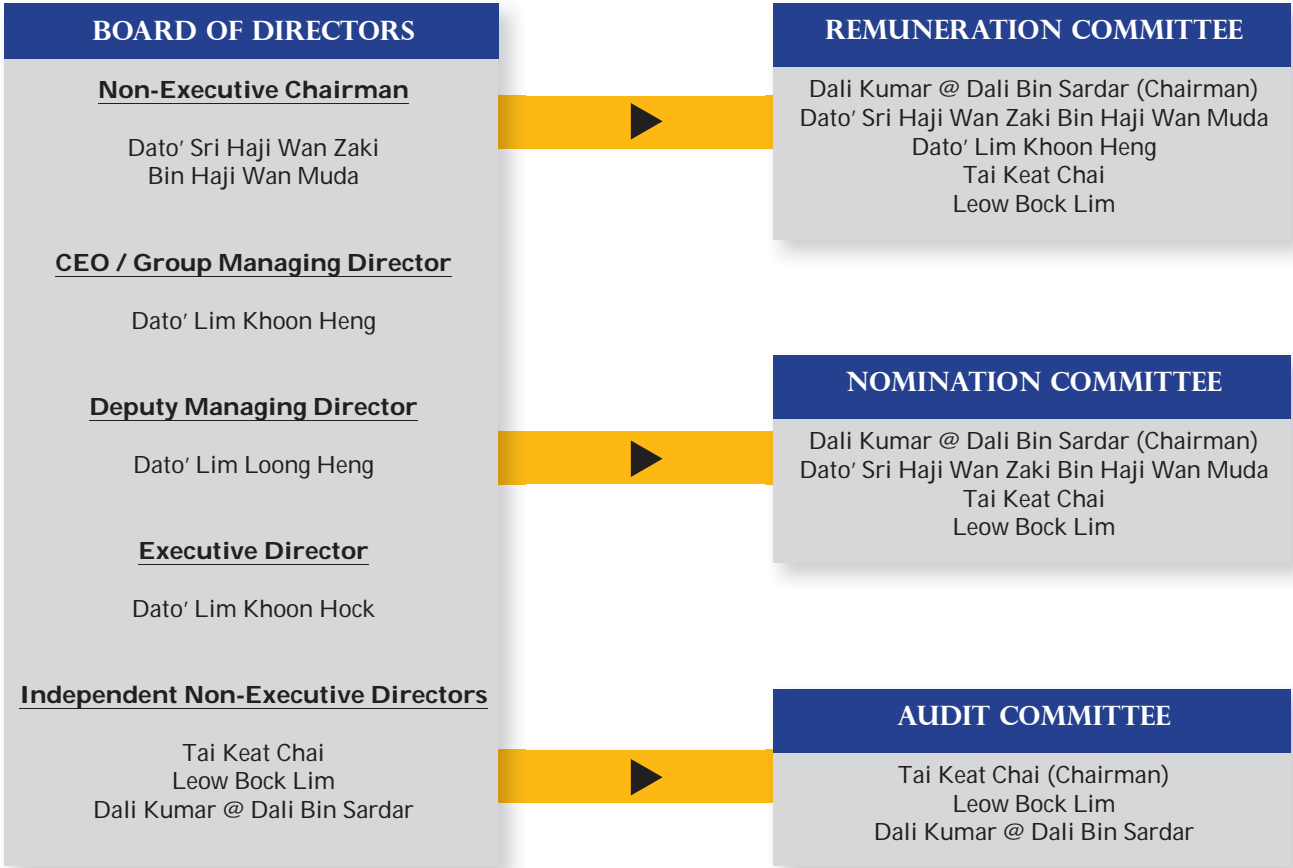
REGISTRAR

Sectrars Services Sdn Bhd
28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur
Tel No : 03-2274 6133
Fax No : 03-2274 1016

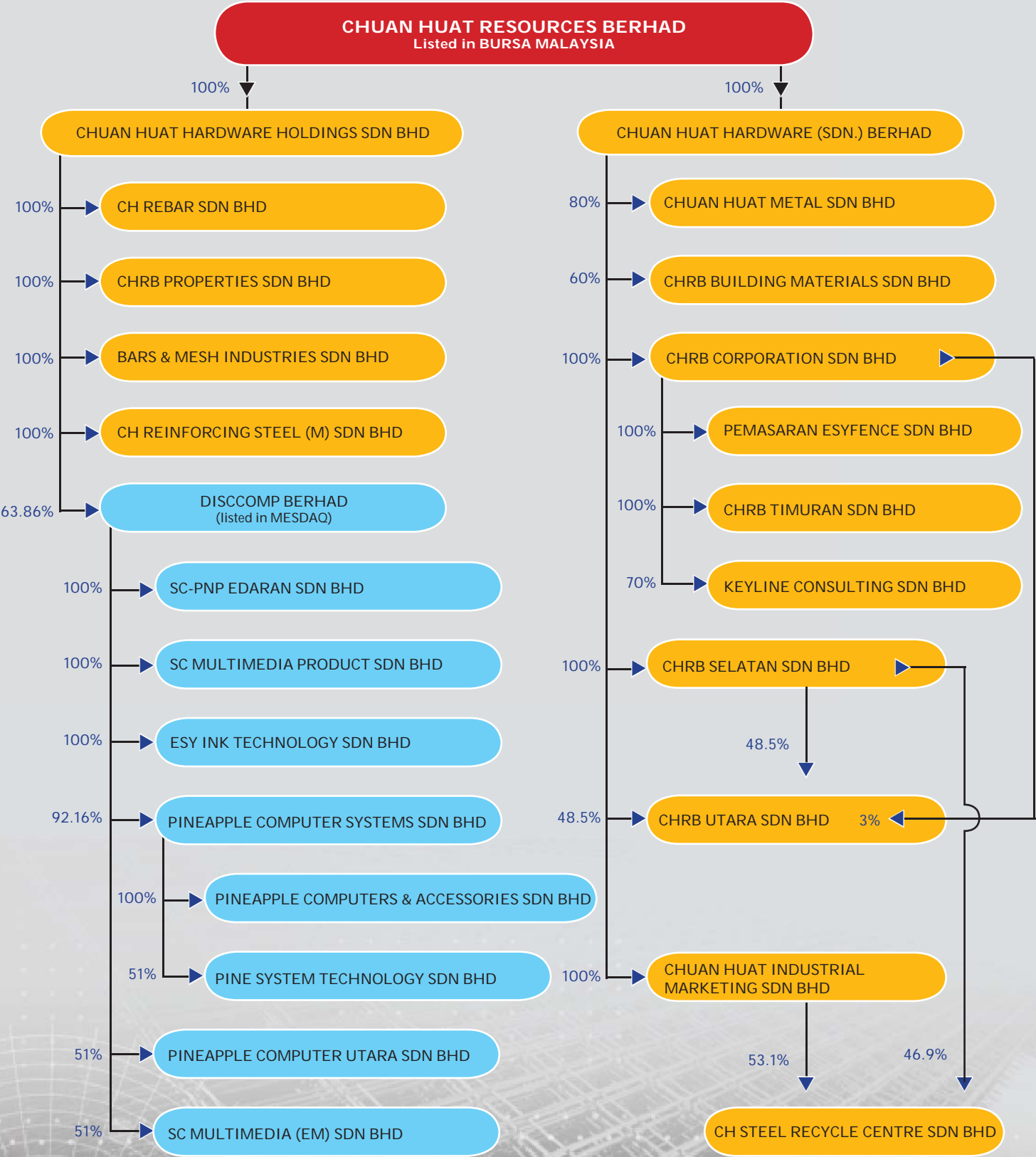
STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad

ORGANISATION STRUCTURE



GROUP STRUCTURE



BOARD OF DIRECTORS



CHUAN HUAT GROUP

CHUAN HUAT RESOURCES BERHAD

(290729-W)



From Left to Right

**Dali Kumar @ Dali Bin Sardar, Dato' Lim Loong Heng, Dato' Lim Khoon Heng,
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda,
Dato' Lim Khoon Hock, Tai Keat Chai, Leow Bock Lim**

DIRECTORS' PROFILE



DATO' SRI HAJI WAN ZAKI BIN HAJI WAN MUDA

(Non-Executive Chairman and Director, member of the Remuneration Committee and Nomination Committee)

*60 years of age
Malaysian
SSAP, SIMP, DPMT, PPN, PJK*

Chairman and Director, holding a non-executive position since 2 May 1997.

He is the founder member of Ahmad Zaki Sdn Bhd ("AZSB") and began his working career in 1971 as a Financial Assistant with Syarikat Permodalan Pahang Bhd. He later joined Perkayuan Pahang Sdn Bhd in 1973 where he served until 1977 while holding the post of Marketing Manager. In the same year, he joined Pesaka Terengganu Bhd, as its Operations Manager and continued to serve until 1979 prior to joining Pesama Timber Corporation Sdn Bhd as Managing Director. He left Pesama Timber Corporation Sdn Bhd in 1984 to venture into the construction industry by founding AZSB. He was conferred with the SSAP award which carries the title of "Dato' Sri" by the Sultan of Pahang on 28 October 2006.

Dato' Sri Haji Wan Zaki is also the Executive Vice Chairman in Ahmad Zaki Resources Berhad. He attended four out of five Board Meetings held in the financial year ended 31 December 2008.

DATO' LIM KHOON HENG, PATRICK

(CEO/Group Managing Director and member of the Remuneration Committee)

*56 years of age
Malaysian
DSSA*



Chief Executive Officer and Group Managing Director, holding an executive and non-independent position since 2 May 1997.

He is the Managing Director of Chuan Huat Hardware (Sdn.) Berhad since 14 December 1976. He is responsible for the operation management and strategic planning of the Chuan Huat Resources Berhad Group. He was conferred with the DSSA award which carries the title of "Dato" by the Sultan of Selangor on 13 March 1999. He has been appointed as the Deputy President of the Malaysia Hardware, Machinery & Building Materials Dealers' Association and the Advisor of the Metal Dealers Association (Selangor and Kuala Lumpur) and a Director of Anshin Steel Processor Sdn Bhd.

Dato' Lim Khoo Heng is also the Non-Executive Chairman in Discomp Berhad. He attended five out of five Board Meetings held in the financial year ended 31 December 2008.

DATO' LIM LOONG HENG, MARK

(Deputy Managing Director)

*54 years of age
Malaysian
DIMP*



Deputy Managing Director, holding an executive and non-independent position since 2 May 1997.

He was attached to Schinger Ltd in UK as an Assistant Accountant for two years prior to his appointment to the Board of Directors of Chuan Huat Hardware Holdings Sdn Bhd. He currently takes charge of corporate planning matters of the Chuan Huat Resources Berhad Group. He was conferred with the DIMP award which carries the title of "Dato" by the Sultan of Pahang on 26 February 2005.

Dato' Lim Loong Heng is also the Managing Director in Disccomp Berhad. He attended five out of five Board Meetings held in the financial year ended 31 December 2008.



DATO' LIM KHOON HOCK, NORMAN

(Executive Director)

*52 years of age
Malaysian
DIMP*

Director, holding an executive and non-independent position since 2 May 1997.

He is a Director of Chuan Huat Hardware (Sdn.) Berhad since 11 January 1980. He holds a Bachelor's Degree in Civil Engineering from Monash University, Australia. He was attached with Jabatan Kerja Raya from January 1980 to December 1981, in road construction supervision. Currently, he leads the Chuan Huat Resources Berhad Group's manufacturing, development and trading activities. He was conferred with the DIMP award which carries the title of "Dato" by the Sultan of Pahang on 14 May 2007.

Dato' Lim Khoon Hock is also the Non-Independent and Non-Executive Director in Disccomp Berhad. He attended five out of five Board Meetings held in the financial year ended 31 December 2008.



TAI KEAT CHAI

(Director, member of Audit Committee, Remuneration Committee and Nomination Committee)

*55 years of age
Malaysian*

Director, holding a non-executive and independent position since 29 June 2001.

He is qualified as a Fellow of the Institute of Chartered Accountants in England & Wales and is also a member of the Malaysian Institute of Accountants. He worked at KPMG, London as an Audit Senior between 1977 and 1978, after which he returned to Malaysia and commenced working with PricewaterhouseCoopers in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad where he worked in corporate finance for 7 years before he ventured into stockbroking, during which time he worked in SJ Securities Sdn Bhd, A.A Anthony Securities Sdn Bhd and ECM Libra Investment Sdn Bhd. He is presently a director of Fiscal Corporate Services Sdn Bhd.

Mr. Tai Keat Chai is also a Director in Disccomp Berhad, Cuscapi Berhad, MIDF Amanah Investment Bank Berhad, PECD Berhad, Imaspro Corporation Berhad, Opensys (M) Berhad and SILK Holdings Berhad (formerly known as Sunway Infrastructure Berhad). He attended five out of five Board Meetings held in the financial year ended 31 December 2008.

DALI KUMAR @ DALI BIN SARDAR

(Director, member of Audit Committee, Nomination Committee and Remuneration Committee)

*50 years of age
Malaysian*



Director, holding a non-executive and independent position since 15 July 1999.

He was with Citibank/Citicorp (NY/KL) from 1982 to 1996. Prior to his departure, he was the Managing Director of Citicorp Capital Sdn Bhd, a venture capital subsidiary of Citicorp. He left to become the CEO of Utama Merchant Bank Berhad. He left the position at the end of 1996 and set up DTA Capital Partners Sdn Bhd. DTA is a boutique corporate finance set-up. DTA now has two fully-owned subsidiaries managing two venture capital funds of Mavcap which is fully owned by the Ministry of Finance (MOF). He also served several terms as Chairman on the Malaysian Venture Capital and Private Equity (MVCA) and Treasurer of Asia Pacific Venture Capital and Private Equity Association (APVCA).

Encik Dali Kumar @ Dali Bin Sardar also serves as Directors in NTI International Ltd and Radiance Electronics Ltd (both listed on SGX Main Board) as well as numerous private companies. He attended four out of five Board Meetings held in the financial year ended 31 December 2008.

LEOW BOCK LIM

(Director, member of Audit Committee, Remuneration Committee and Nomination Committee)

*66 years of age
Malaysian*



Director, holding a non-executive and independent position since 29 June 2001.

He is an associate of The Institute of Chartered Secretaries and Administrators and an associate of the Institute of Canadian Bankers. He is a retired banker who has had over 35 years of working experience in various local and foreign banks. He began his banking career with the OCBC Bank in 1960. In 1962, he left to join United Malayan Banking Corporation Berhad as an operations officer. Between 1966 and 1970, he held various operational and treasury positions in The Chase Manhattan Bank. In 1971 and 1972, he served as the chief operating officer of the Oriental Bank Berhad. Between 1973 and 1977, he was the treasury head of The Bank of Nova Scotia. He joined the Security Pacific Asian Bank in 1978 and was its country head for 12 years. In 1994, he joined Alliance Bank Berhad as its Senior Vice President and served as its head of treasury and international banking prior to his retirement in 2000.

Mr. Leow Bock Lim is also an Independent Non-Executive Director in Discomp Berhad, Voir Holdings Berhad and NEP Holdings (Malaysia) Berhad. He attended five out of five Board Meetings held in the financial year ended 31 December 2008.

Family Relationship

Except for Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Dato' Lim Khoon Hock who are brothers, none of the other Directors are related to one another, nor with any major shareholders.

Conviction for Offences

None of the Directors have been convicted of any offences (excluding traffic offences) within the last 10 years.



DATO’ SRI HAJI WAN ZAKI
BIN HAJI WAN MUDA

ON BEHALF OF THE BOARD OF DIRECTORS OF CHUAN HUAT RESOURCES BERHAD, I AM PLEASED TO PRESENT THE GROUP AND COMPANY’S ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008.

PERFORMANCE OVERVIEW

Year 2008 marks a new milestone for the Group as it achieved one of its highest numbers to date in terms of revenue and profit, all largely due to the timely planning in securing and procuring of stocks and contracts, taking full opportunity of the rising prices of global steel products. Prudent management in optimising our human resources and improving productivity through in-house training programmes, also help to streamline the overall cost and contribute towards the bottom line.

We also took the opportunity of the strong demand for our products by upgrading and putting in new machines in our steel service center to improve productivity and cost efficiency.

However, during the 4th quarter of the year, global steel prices were falling and demands were also slowing down due to the global economy slowdown and we managed to keep our stock holdings to its minimum to reduce our write down in its value.



There were no major events and changes to the performance of Discomp Berhad, our IT (Information Technology) Division, which came in with an almost similar revenue and profit figures as in previous year.

FINANCIAL OVERVIEW

The Group has registered a record year with revenue of RM694.1 million and a profit before tax of RM32.7 million, as compared to previous year of RM600.9 million and RM12.6 million respectively. This is an increase of 15.5% in revenue and a commendable 158% increase in profit before tax. EPS (Earning per share) also recorded an increase of 171% viz. from 6.7 sen in 2007 to 18.2 sen in 2008.

Discomp Berhad has managed to maintain a set of results which was relatively unchanged from previous year with a sales revenue of RM32.8 million and a profit before tax of RM0.65 million.

PROSPECTS

With the various stimulus packages announced globally and locally, and with the recent increase in most commodities prices coupled with the bounce back in the stock market indices, we are optimistic that we should be able to perform reasonably well.



DIVIDEND

The Board is pleased that an interim dividend of 1.5 sen gross per ordinary share less income tax at 26% was announced during the year and paid on the 9th April 2008.

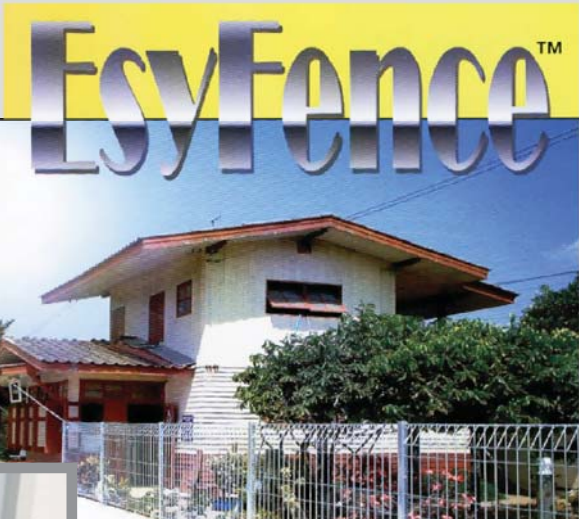
The Board is also pleased to recommend a final dividend of 4.0 sen gross per ordinary share less income tax at 25% in respect of the financial year ended 31 December 2008, subject to the shareholders approval at the forthcoming Annual General Meeting.

Chairman’s Statement *(cont’d)*

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks and appreciations to all our staff, bankers, suppliers and all other business associates who have contributed to a very commendable year and also not forgetting my fellow Board members for their valuable advises and guidance.

DATO’ SRI HAJI WAN ZAKI BIN HAJI WAN MUDA
Chairman



Statement On Corporate And Social Responsibility

Chuan Huat Resources Berhad and its subsidiaries ("the Group") has long recognised and acknowledged the importance of a corporate culture that emphasises good corporate citizenship. As such the Group is committed and endeavours on ongoing basis, to integrate Corporate Social Responsibility ("CSR") practices into its day to day business operations. The Group aims not only to increase the stakeholder value through its core business but also of its responsibilities for the betterment of the community and the environment.

The CSR contributions of the Group includes:-

ENVIRONMENT

The Group complies to environmental laws and regulations. During the year, the Group was not penalised for any instance of non-compliance with environment laws and regulations.

COMMUNITY

The Group plays its role as a socially responsible corporate citizen in the community whenever the need arises. The Group is active and aware of the community welfare by supporting needy social objectives in the communities in which its businesses operate and its employees live and work.

WORKPLACE

The Group recognises the importance of ensuring a conducive and safe environment for employees to work in. The Group has through its Occupational, Safety and Health committee is actively ensuring safety, health and welfare of all employees. Consistent education, training, counselling and industrial accident prevention programmes are being held to ensure a high level of awareness of safety requirements being disseminated to all employees at all levels.

The Group constantly upgrades the employees' skill, knowledge and experiences which would enhance the individual employee's competency. Monthly contributions are made to Human Resource Development Fund to support the Government effort to encourage corporate bodies to invest in training and skills upgrading for employees.

The Group have also organised out-door activities to promote teamwork and create a harmonious environment for employees and their family members. This includes activities such as social events, sports activities and company trips.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Chuan Huat Resources Berhad ("Board") is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance ("the Code") respectively.

The Board has directed and managed the business and affairs of the Group towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholders' values whilst taking into account the interests of other stakeholders.

The Board is pleased to provide the following statements, which outlines the main corporate governance practices that were in place throughout the financial year.

Compliance Statement

The Group has complied throughout the year ended 31 December 2008 with all the best practices of corporate governance set out in Part 2 of the Code.

Principles Statements

The following statement sets out how the Group has applied the principles in Part 1 of the Code. The principles are dealt with under the following headings: (A) Board of Directors, (B) Directors' remuneration, (C) Shareholders and (D) Accountability and audit.

A. BOARD OF DIRECTORS

(a) Board responsibilities

The Group is controlled and led by a dynamic Board. It has a balanced board composition with effective independent directors. The Board acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

(b) Division of roles and responsibilities between the Chairman and the Chief Executive Officer

There is a distinct and clear division of the roles and responsibilities between the Chairman of the Board and the Group's Chief Executive Officer ("CEO") to ensure that there is a proper balance of power and authority. The Chairman is primarily responsible for the effective conduct of the Board and ensuring that all Directors have full and timely access to all relevant information necessary for informed decision making. The Chairman encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings in order to reflect the consensus of the whole Board and not the views of any individual or group. The Group's CEO has overall responsibilities over the operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions.

(c) Board meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 December 2008, the Board met on five (5) occasions; where it deliberated upon and considered a variety of matters including the Group's financial results, corporate proposals, the business plan and direction of the Group.

The attendance record of each Director was as follows :

	Numbers of Meeting attended
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	4/5
Dato' Lim Khoon Heng	5/5
Dato' Lim Loong Heng	5/5
Dato' Lim Khoon Hock	5/5
Tai Keat Chai	5/5
Dali Kumar @ Dali Bin Sardar	4/5
Leow Bock Lim	5/5

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers providing updates on operational, financial and corporate developments as well as minutes of meetings of the Board are circulated prior to the meeting are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting. The Board has full access to senior management and the advice and services of the Company Secretary, who are responsible for ensuring that Board meeting procedures are followed and that applicable

A. BOARD OF DIRECTORS (CONT'D)

(c) Board meetings (cont'd)

rules and regulations are complied with. In addition, the Directors may also seek independent professional advice, at the Company's expense, if required. The Directors may also consult with the Group Managing Director and other Board members prior to seeking any independent professional advice.

(d) Board balance

As at the date of this statement, the Board consists of seven (7) members; comprising one (1) Managing Director, one (1) Deputy Managing Director, one (1) Executive Director, one (1) Non-Executive Director and, three (3) Independent Non-Executive Directors. A brief profile of each Director can be found in the "Directors' Profile".

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The key elements for fulfilling the criteria are the appointment of an independent Director who is not a member of management (a non-executive director) and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Group. The Board complied with paragraph 15.02 of the Listing Requirements which requires that at least two (2) directors or one-third of the Board, whichever is the higher, are independent directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the Executive Directors. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interests and abstain from the deliberation.

There is a clear division of responsibilities at the head of the Group to ensure a balance of authority and power.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Group.

(e) Supply of information

The members of the Board in their individual capacity have full and timely access to information with Board papers distributed in advance of meetings for the discharge of their duties and responsibilities. Prior to the meetings of the Board, Board papers which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, were circulated to all the directors. The Board meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Securities. Besides direct access to management staff, external professional advisers as well as company secretary are also made available to render their independent views and advice to the Board.

(f) Board committee

i. Audit Committee

The Audit Committee of the Board has been in place since 1997. It presently comprises three (3) Independent Non-Executive Directors. A brief report on Audit Committee can be found in the "Audit Committee Report".

A. BOARD OF DIRECTORS (CONT'D)

(f) Board committee (cont'd)

ii. Nomination Committee

The Nomination Committee of the Board has been in place since 2001, which comprised the following members:

Name of Directors	Designation
Dali Kumar @ Dali Bin Sardar (Chairman)	Independent Non-Executive Director
Tai Keat Chai	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	Non-Executive Chairman

The Nomination Committee is empowered by the Board for recommending board appointments and assessment of directors on an on-going basis. The Committee also keeps under review the Board structure, size and composition as well as considering the Board succession planning. There was no meeting conducted during the financial year ended 31 December 2008 as there is currently no necessity to appoint any new members to the Board since the establishment of Nomination Committee. The Board is of the opinion that the present mix of experience and expertise is adequate, optimal and sufficiently capable in overseeing and ensuring that the strategies of the Group are thoroughly deliberated, considered and properly implemented.

iii. Remuneration Committee

The Remuneration Committee of the Board has been in place since 2001, which comprised the following members:

Name of Directors	Designation
Dali Kumar @ Dali Bin Sardar (Chairman)	Independent Non-Executive Director
Tai Keat Chai	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	Non-Executive Chairman
Dato' Lim Khoon Heng	CEO/Group Managing Director

The remuneration committee is responsible for recommending the remuneration packages of executive directors to the Board. None of the executive directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of non-executive director with individual directors abstaining from decisions in respect of their individual remuneration.

(g) Directors' training

All the Directors have successfully completed both the Mandatory Accreditation Programme and the Continuous Education Programme as prescribed by Bursa Malaysia Securities Berhad.

The Board recognises the need to broaden the Board's perspectives, skills and knowledge and to keep abreast with the development in the corporate environment. In line with this aspiration, the Company has organised a seminar cum workshop for the Board members and key senior management of the Group on "THE INVESTOR RELATIONS ("IR") WORKSHOP" in March 2008. This seminar cum workshop was part of Malaysia Investor Relations Association ("MIRA") development programme to improve IR in Malaysia.

The Board is regularly updated by the Company Secretary on the latest updates and/or amendments on the Listing Requirements and other regulatory requirements in discharging their roles, duties and responsibilities.

A. BOARD OF DIRECTORS (CONT'D)

(h) Retirement and Re-election (cont'd)

The Articles of Association provide that at least one-third of the Board, including the Group Managing Director, are subject to retirement by rotation at each Annual General Meeting. The directors to retire in each year are the directors who have been longest in office since their appointment or re-appointment. A retiring director is eligible for re-appointment.

The Articles of Association also provide that all Directors including the Group Managing Director who shall be elected from amongst the Board members shall also retire once at least in each three (3) years and shall be eligible for re-election. These provide an opportunity for the shareholders to renew their mandates. The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings' attendance and the shareholdings in the Company of each director standing for election are furnished in the Directors' Profile.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B. DIRECTORS' REMUNERATION

(a) Remuneration Procedure

The practised policy on directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate directors of the quality required to manage the business of the Group and to align the interest of the directors with those of the shareholders. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages.

There was one (1) meeting convened during the financial year ended 31 December 2008.

(b) Details of the directors' remuneration

The aggregate remuneration of directors who served during the financial year ended 31 December 2008 are as follows:

Element of remuneration	Executive Directors	Non-Executive Directors	Total
Salaries & other emoluments	1,225,233	-	1,225,233
Fees	60,000	158,000	218,000
	1,285,233	158,000	1,443,233

The numbers of directors whose remuneration fall into the respective bands are as follows:

Band of remuneration	Executive Directors	Non-Executive Directors	Total
0 – 50,000	-	2	2
50,001 – 100,000	-	2	2
100,001 – 150,000	-	-	-
150,001 – 200,000	-	-	-
200,001 – 250,000	-	-	-
250,001 – 300,000	-	-	-
300,001 – 350,000	-	-	-
350,001 – 400,000	1	-	1
400,001 – 450,000	1	-	1
450,001 – 500,000	-	-	-
500,001 – 550,000	1	-	1

C. SHAREHOLDERS

The Company recognises the importance of communicating with its shareholders and does this through the annual report, Annual General Meeting, Company's website and analyst meetings. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders a clear and complete picture of the Company's performance and position as possible.

The key elements of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both private and institutional shareholders on all issues relevant to the Company at the Annual General Meeting. At the Annual General Meeting, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Additionally, a press conference is held immediately after the Annual General Meeting where the Group's Managing Director advises the press of the resolutions passed, and answers questions on the Group's operation. The Group Deputy Managing Director and the Executive Directors are also present at the press conference to clarify and explain any issue.

The Company also responded to fund managers, institutional investors, investment analysts and members of media upon request, to brief them on key events of the Company. Investors' and analysts' feedback is sought to ensure principal issues are being effectively communicated and shareholders' objectives are known.

D. ACCOUNTABILITY AND AUDIT

(a) Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders as well as the Group's Chairman Statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

(b) Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cash flow for the period then ended. In preparing the financial statements, the Directors have (1) ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied, and (2) selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

(c) Directors' responsibility statement in respect of the state of internal controls

The Board acknowledges its responsibility for the internal control system in the Group and the Company, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business unit particular need and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be completely eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets.

(d) Relationship with the Auditors

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of external auditors is subject to the approval of shareholders in general meeting whilst their remuneration is authorised by shareholders to be fixed by the Board.

Key features underlying the relationship of the Audit Committee with the auditors including the role of both the external and internal auditors are further described in the Audit Committee Report.

A summary activity of the Audit Committee during the year, including the evaluation of the independent audit process, is set out in the Audit Committee Report.

ADDITIONAL COMPLIANCE INFORMATION

(a) Statement on material contracts involving directors' or major shareholders' interest

There is no material contracts subsisting as at 31 December 2008 or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interests of the Directors or major shareholders other than those disclosed under notes to the account on Related Party Transactions of revenue in nature.

The Company is also seeking shareholders' mandate on Recurrent Related Party Transactions of a revenue or trading nature for transactions to be entered by the Company or its subsidiaries with Related Parties in the ordinary course of business in the forthcoming Annual General Meeting. The details of Recurrent Related Party Transactions of a revenue or trading nature for transactions to be entered by the Company or its subsidiaries with Related Parties are included in the Circular dated 2 June 2009.

(b) Non-audit fee

As at the date of this statement, there was no non-audit fee incurred and paid to external auditors.

(c) Utilisation of Proceeds

There were no proceeds raised from any corporate proposals as at the date of this statement.

(d) Shares Buy-Back

There were no shares buy-back during the financial year ended 31 December 2008.

(e) Options, Warrants or Convertible Securities Exercised

The Company has not issued any options, warrants or convertible securities in respect of the financial year ended 31 December 2008.

(f) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2008.

(g) Sanctions and/or Penalties

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by any regulatory bodies.

(h) Profit Guarantee

The Company did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2008.

(i) Revaluation Policy

The Company has not adopted a regular revaluation policy on landed properties.

AUDIT COMMITTEE REPORT

I. MEMBERSHIP

The present members of the Audit Committee comprise:

Name	Designation
Tai Keat Chai (Chairman)	Independent Non-Executive Director
Dali Kumar @ Dali bin Sardar	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director

II. MEETING AND ATTENDANCE

During the year ended 31 December 2008, the Committee held 5 meetings, which were appropriately structured through the use of agendas, and the attendance details of the members were as follows:

Name	No. of meetings attended
Tai Keat Chai	5/5
Dali Kumar @ Dali bin Sardar	4/5
Leow Bock Lim	5/5

The Company Secretary and the Finance General Manager were also present by invitation at all the meetings, whilst the internal and external auditors also attended when invited to do so.

III. SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee during the year included the following:

- reviewed the quarterly reports of the Company prior to their submission to the Board and public release;
- reviewed the audited financial statements of the Company prior to their submission to the Board for its consideration and approval;
- reviewed the external auditor’s scope of work and audit plans for the year;
- reviewed with the external auditors the results of the audit, the audit report and the management letter, including management’s response;
- reviewed and discussed on the internal audit reports to assess the effectiveness of the system of internal controls in the areas audited;
- reviewed the related party transactions entered into by the Group;
- evaluated and recommended the re-appointment of the external auditor.

IV. INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit functions to a professional services firm, which is tasked with the aim of assisting the Committee to discharge its duties and responsibilities.

The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control. Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group’s financial statements.

V. TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee include the following:

- a) to safeguard the interests of all shareholders including the minority shareholders;
- b) to assist in discharging the responsibilities of the Board of Directors as they relate to the Company’s management and internal controls, accounting policies and financial reporting; and
- c) to provide, by way of regular meetings, a line of communication between the Board, and the internal and external auditors.

V. TERMS OF REFERENCE (CONT'D)

Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of no fewer than three members, none of whom shall be alternate directors.

All the audit committee members must be non-executive directors, with the majority of the members, including the Chairman of the Committee, shall be independent directors.

At least one member shall be a member of the Malaysian Institute of Accountants or a person approved under subparagraph 15.10 (1)(c)(ii) of Bursa Malaysia Listing Requirements.

Any vacancy resulting in the non-compliance of subparagraph 15.10(1) of Bursa Malaysia Listing Requirements shall be filled within three months, and the Board shall review the terms of office and performance of the Committee and each of its members at least once every three years to determine whether they have carried out their duties in accordance with their terms of reference.

Authority

The Committee shall have the authority to investigate any matter within its terms of reference, and the resources required to perform its duties.

It shall also have full and unrestricted access to any information pertaining to the Company, and have direct communication channels with the external and internal auditors.

The Committee should be able to obtain independent professional or other advice, and be able to convene meetings with the external auditor, excluding the attendance of its executive members, whenever deemed necessary.

Meetings

The Committee shall meet at least four times a year, and as many times as it deems necessary.

The majority of members present shall be independent directors in order to form a quorum.

The Company Secretary of the Company shall act as the Secretary of the Committee, and shall draw up an agenda for circulation together with the relevant support papers at least one week prior to each meeting to the members.

The Company Secretary shall also be responsible for keeping the minutes of the meetings, which shall be circulated to the members of the Board as well.

The Committee shall meet at least once a year with the management and the internal and external auditors in separate sessions without the presence of any executive Board member.

Functions

The functions of the Committee include the following:

1. To review, and report the same to the Board:
 - a) with the external auditor, the nature and scope of its audit plan, its evaluation of the system of internal controls and its audit report;
 - b) the assistance given by the Company's employees to the external auditor;
 - c) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

V. TERMS OF REFERENCE (CONT'D)

Functions (cont'd)

- e) the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements;
 - f) any problems or reservations arising from the interim and final audits, and any matter which the external auditor may wish to discuss (in the absence of management where necessary);
 - g) the external auditor's management letter, and management's response;
 - h) any related party transactions and conflict of interests situation that may arise within the Group or Company including any transactions, procedures or course of conducts that raises questions of management integrity; and
 - i) the appointment of the external auditor, its audit fee and any questions of its dismissal or resignation.
- 2. To recommend the nomination of the external auditor.
 - 3. To consider other matters as defined by the Board.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Consistent with paragraph 15.27 (b) of Bursa Malaysia Listing Requirements and in compliance to the Malaysian Code on Corporate Governance, the Board is pleased to provide the following statements on internal control of the Group with regards to the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management practices to good corporate governance. However, the Board recognizes that reviewing the effectiveness of the Group's system of internal control is a concerted and continuous process, designed to manage rather than to eliminate the risk of failure to achieve business objectives.

In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that has been in place for the financial year under review and up to the date of approval of the annual report and financial statements.

RISK MANAGEMENT FRAMEWORK

The Board is aware that a sound system of internal control should be embedded in the operations of the Group and form part of its culture. The system of internal control not only covers financial controls but also operational and compliance controls and risk management. It involves key management in each business, including the Board and is designed to meet the Group's particular needs, manage the risks they are exposed to and ensure compliance with the applicable laws and regulations. Key commercial and financial risks are reviewed together with other more general risks as those relating to compliance with laws and regulations. These monitoring, reviewing and reporting process have been and are aimed to give assurance that the structure of controls and operations is appropriate to the Group's operations and that there is an acceptable level of risks throughout the Group's business.

The above risk management framework facilitates the ability of the Board and management to manage risks within the risk parameters and risk standards. Continuous effort is made to improve policies, processes, people and structure within the Group. Besides improving the management of existing risks, the framework also manages potential risks in the light of changes in risk profile experience by the industry and the Group.

KEY PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal controls are as follows:

- An operational structure with defined lines of responsibility or delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- A documented delegation of authority with clear lines of responsibility in identifying the approving authority of various transactions.
- Detailed budgeting process established requiring all business units to prepare budget and business plan on an annual basis.
- Effective reporting systems which expose significant variances against budget and plan are in place to monitor performance; key variances are followed-up by the management and reported to the Board on a quarterly basis.
- Regular and comprehensive information provided to management, covering financial performance and key business indicators, such as staff utilization and cash flow performance.
- Regular visits to operating units by members of the Board and senior management.

STATEMENT ON INTERNAL CONTROL (CONTD)

INTERNAL AUDIT

The Group has engaged a professional consulting firm to provide outsourced internal audit services, which provides support to the Audit Committee in discharging it's duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the year under review, internal auditor carried out audit based on the internal audit plan approved by the Audit Committee. The audit findings are deliberated and resolved with the management. The Audit Committee on behalf of the Board, reviews internal control issues identified and recommendations from reports by the internal and external auditors on a regular basis.

Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's Annual Report.

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Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 7 to the financial statements.

There have been no significant changes in the activities of the Company and of its subsidiary companies during the financial year except for the disposal of subsidiary companies as disclosed in Note 7 and Note 36 to the financial statements.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	23,476,412	(136,742)
Attributable to:		
Equity holders of the Company	22,792,756	(136,742)
Minority interests	683,656	-
	23,476,412	(136,742)

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2007:	
Final dividend of 1.5 sen gross per ordinary share less income tax at 26% paid on 12 August 2008	1,391,576
In respect of the financial year ended 31 December 2008:	
An interim dividend of 1.5 sen gross per ordinary share less income tax at 26% paid on 9 April 2008	1,391,576
	2,783,152

The Directors recommend a final dividend of 4 sen per share less 25% income tax in respect of the financial year ended 31 December 2008 amounting to RM3,761,016. The proposed final dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

SHARE CAPITAL

There was no increase in the issued and paid-up capital of the Company during the financial year.

DIRECTORS

The Directors who served since the date of last report are:

Dato' Sri Haji Wan Zaki Bin Haji Wan Muda
Dato' Lim Khoon Heng
Dato' Lim Loong Heng
Dato' Lim Khoon Hock
Dali Kumar @ Dali Bin Sardar
Tai Keat Chai
Leow Bock Lim

In accordance with the Company's Articles of Association, Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, Dato' Lim Khoon Heng and Dato' Lim Loong Heng retire by rotation at the forthcoming Annual General Meeting of the Company, and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest except as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement 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.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	Number of ordinary shares of RM0.50 each			
	As at 1.1.2008	Additions	Disposals	As at 31.12.2008
Direct Interests				
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	10,738,551	-	-	10,738,551
Dato' Lim Khoon Heng	13,350,890	-	-	13,350,890
Dato' Lim Loong Heng	13,350,887	-	-	13,350,887
Dato' Lim Khoon Hock	13,350,887	-	-	13,350,887
Dali Kumar @ Dali Bin Sardar	683,200	-	591,400	91,800
Indirect Interests				
Dato' Lim Khoon Heng #	6,377,357	-	-	6,377,357
Dato' Lim Loong Heng #	6,377,357	-	-	6,377,357
Dato' Lim Khoon Hock #	6,377,357	-	-	6,377,357

Indirect interest held through Lim Kim Chuan & Sons Holdings Sdn Bhd

Other than as disclosed above, the Directors of the Company do not have any other interest in shares in the Company or its related companies during and at the end of the financial year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records had 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:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which 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 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 as and when they fall due.

In the opinion of the Directors:

- (a) other than as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) other than as disclosed in the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of significant event during the financial year is disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Ong Boon Bah & Co, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 22 April 2009



DATO' LIM KHOON HENG
Director



DATO' LIM KHOON HOCK
Director

Kuala Lumpur

Statement By Directors

We, **DATO' LIM KHOON HENG** and **DATO' LIM KHOON HOCK**, being two of the Directors of **CHUAN HUAT RESOURCES BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 32 to 74 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 22 April 2009.



DATO' LIM KHOON HENG
Director



DATO' LIM KHOON HOCK
Director

Kuala Lumpur

Statutory Declaration

I, **DATO' LIM LOONG HENG**, being the Director primarily responsible for the financial management of **CHUAN HUAT RESOURCES BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 32 to 74 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

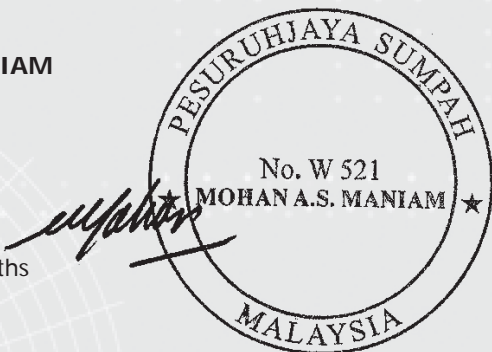
Subscribed and solemnly declared by the abovenamed **DATO' LIM LOONG HENG** at Kuala Lumpur in the Federal Territory on 22 April 2009.



DATO' LIM LOONG HENG

Before me
MOHAN A.S. MANIAM
No. W 521

Commissioner for Oaths
Kuala Lumpur



No. 50, Jalan Hang Lekiu,
50100 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHUAN HUAT RESOURCES BERHAD

Company No: 290729 W

Report on the Financial Statements

We have audited the accompanying financial statements of CHUAN HUAT RESOURCES BERHAD, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 74.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on 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 by its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) we are satisfied that the accounts of the subsidiary companies 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 consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) the audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

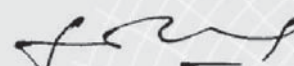
Other Matters

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



ONG BOON BAH & CO
AF: 0320
Chartered Accountants

Kuala Lumpur
22 April 2009



LIM KOK BENG
588/02/11(J)
Partner of the Firm

Balance Sheets

as at 31 December 2008

		GROUP		COMPANY	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	46,385,222	44,261,263	-	-
Investment properties	5	5,588,304	5,338,000	-	-
Prepaid land lease payments	6	11,760,532	12,065,885	-	-
Subsidiary companies	7	-	-	43,743,927	43,743,927
Investments	8	2,980,175	3,055,502	-	-
Goodwill	9	776,606	-	-	-
		67,490,839	64,720,650	43,743,927	43,743,927
Current assets					
Inventories	10	62,065,688	79,902,066	-	-
Trade receivables	11	125,419,752	127,003,379	-	-
Other receivables, deposits and prepayments	12	47,624,319	32,836,703	61,486	11,139
Amount due from subsidiary companies	13	-	-	42,396,865	45,315,011
Tax recoverable		574,129	683,663	-	-
Fixed deposits with licensed banks	14	10,641,121	4,857,233	-	-
Cash and bank balances		16,820,340	14,874,789	63,835	103,256
		263,145,349	260,157,833	42,522,186	45,429,406
TOTAL ASSETS		330,636,188	324,878,483	86,266,113	89,173,333
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	62,683,600	62,683,600	62,683,600	62,683,600
Capital reserves	16	21,073,154	21,074,454	-	-
Accumulated profits		33,018,617	13,007,713	23,409,404	26,329,298
		116,775,371	96,765,767	86,093,004	89,012,898
Minority interests		10,467,054	10,906,151	-	-
Total equity		127,242,425	107,671,918	86,093,004	89,012,898
Non-current liabilities					
Term loans	17	2,873,688	5,778,715	-	-
Hire purchase liabilities	18	2,131,776	1,420,267	-	-
Deferred tax liabilities	19	2,609,305	2,268,384	-	-
		7,614,769	9,467,366	-	-
Current liabilities					
Trade payables	20	29,244,943	41,631,655	-	-
Other payables and accruals	21	3,139,636	4,268,758	172,014	155,997
Hire purchase liabilities	18	1,228,524	1,280,052	-	-
Bank overdrafts	22	849,103	871,409	-	-
Short term borrowings	23	161,117,021	159,093,491	-	-
Tax liabilities		199,767	593,834	1,095	4,438
		195,778,994	207,739,199	173,109	160,435
Total liabilities		203,393,763	217,206,565	173,109	160,435
TOTAL EQUITY AND LIABILITIES		330,636,188	324,878,483	86,266,113	89,173,333

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

Income Statements

for the financial year ended 31 December 2008

		GROUP		COMPANY	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Revenue	24	694,190,376	600,963,813	9	38,003,561
Other operating income		4,246,055	2,641,780	232,800	232,800
Changes in inventories of finished goods and work-in-progress		(13,169,832)	6,314,443	-	-
Purchases of finished goods		(483,434,654)	(489,109,552)	-	-
Raw materials and consumables used		(122,702,391)	(62,470,446)	-	-
Employee benefits expense	25	(18,278,986)	(17,788,948)	(155,000)	(130,000)
Depreciation and amortisation expenses		(4,384,902)	(4,687,169)	-	-
Other operating expenses		(16,165,990)	(15,364,841)	(203,269)	(288,989)
Finance costs	26	(7,569,031)	(7,834,909)	-	-
Profit/(Loss) before taxation	27	32,730,645	12,664,171	(125,460)	37,817,372
Taxation	28	(9,254,233)	(3,768,867)	(11,282)	(10,289,022)
Profit/(Loss) for the financial year		23,476,412	8,895,304	(136,742)	27,528,350
Attributable to:					
Equity holders of the Company		22,792,756	8,394,725	(136,742)	27,528,350
Minority interests		683,656	500,579	-	-
Profit/(Loss) for the financial year		23,476,412	8,895,304	(136,742)	27,528,350
Earnings per share attributable to equity holders of the Company (sen)					
- Basic and diluted	29	18.20	6.70	-	-

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

Consolidated Statement Of Changes In Equity

for the financial year ended 31 December 2008

<----- Attributable to equity holders of the Company ----->

	Share capital RM	Non-distributable		Distributable		Minority interests RM	Total equity RM
		Share premium RM	Capital reserves RM	Accumulated profits RM	Total RM		
Balance at 1 January 2007	44,774,000	16,972,092	13,074,454	15,674,551	90,495,097	10,415,793	100,910,890
Partial disposal of a subsidiary company	-	-	-	471	471	15,535	16,006
Net income recognised directly in equity	-	-	-	471	471	15,535	16,006
Profit for the financial year	-	-	-	8,394,725	8,394,725	500,579	8,895,304
Total recognised income and expense for the financial year	-	-	-	8,395,196	8,395,196	516,114	8,911,310
Acquisition of additional shares in a subsidiary company from minority interest	-	-	-	-	-	(25,756)	(25,756)
Capitalisation of bonus issue by a subsidiary company	-	-	8,000,000	(8,000,000)	-	-	-
Bonus issue	17,909,600	(16,972,092)	-	(937,508)	-	-	-
Dividends (Note 30)	-	-	-	(2,124,526)	(2,124,526)	-	(2,124,526)
Balance at 31 December 2007	62,683,600	-	21,074,454	13,007,713	96,765,767	10,906,151	107,671,918

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

(cont'd) **Consolidated Statement Of Changes In Equity**
for the financial year ended 31 December 2008

<----- Attributable to equity holders of the Company ----->

	Non-distributable		Distributable		Minority interests RM	Total equity RM
	Share capital RM	Capital reserves RM	Accumulated profits RM	Total RM		
Balance at 1 January 2008	62,683,600	21,074,454	13,007,713	96,765,767	10,906,151	107,671,918
Profit for the financial year, representing total recognised income and expense for the financial year	-	-	22,792,756	22,792,756	683,656	23,476,412
Disposal of subsidiary companies	-	(1,300)	1,300	-	(3,042)	(3,042)
Additional investment in a subsidiary company	-	-	-	-	(1,223,394)	(1,223,394)
Issue of shares by a subsidiary company to minority interests	-	-	-	-	120,000	120,000
Dividends paid (Note 30)	-	-	(2,783,152)	(2,783,152)	(16,317)	(2,799,469)
Balance at 31 December 2008	62,683,600	21,073,154	33,018,617	116,775,371	10,467,054	127,242,425

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

Statement Of Changes In Equity

for the financial year ended 31 December 2008

		Non- distributable	Distributable	
	Share capital RM	Share premium RM	Accumulated profits RM	Total equity RM
Balance at 1 January 2007	44,774,000	16,972,092	1,862,982	63,609,074
Net profit for the financial year, representing total recognised income and expense for the financial year	-	-	27,528,350	27,528,350
Dividends (Note 30)	-	-	(2,124,526)	(2,124,526)
Bonus issue	17,909,600	(16,972,092)	(937,508)	-
Balance at 31 December 2007	62,683,600	-	26,329,298	89,012,898
Net loss for the financial year, representing total recognised income and expense for the financial year	-	-	(136,742)	(136,742)
Dividends (Note 30)	-	-	(2,783,152)	(2,783,152)
Balance at 31 December 2008	62,683,600	-	23,409,404	86,093,004

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

Consolidated Cash Flow Statement

for the financial year ended 31 December 2008

	Note	2008 RM	2007 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		32,730,645	12,664,171
Adjustments for non-cash items, interests and dividends	31(a)	24,215,086	13,965,951
Operating profit before working capital changes		56,945,731	26,630,122
Decrease/(Increase) in inventories		4,347,729	(16,094,390)
Increase in trade and other receivables		(15,008,392)	(2,204,102)
Decrease in trade and other payables		(13,502,355)	(10,239,525)
Cash generated from/(used in) operations		32,782,713	(1,907,895)
Tax paid		(8,846,770)	(1,737,282)
Interest paid		(7,569,031)	(7,834,909)
Interest received		824,082	1,119,955
Net cash inflow/(outflow) from operating activities		17,190,994	(10,360,131)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	31(b)	(5,530,221)	(4,369,624)
Proceeds from disposal of property, plant and equipment		1,421,913	1,655,297
Proceeds from disposal of an associated company		-	1,867,500
Proceeds from partial disposal of a subsidiary company		-	12,000
Proceeds from disposal of an investment property		120,000	-
Net cash inflow from disposal of subsidiary companies	36(d)(ii)	538,814	-
Purchase of additional shares in a subsidiary company		(2,000,000)	(25,649)
Interest received		111,040	26,703
Dividend received		999,000	-
Net cash outflow from investing activities		(4,339,454)	(833,773)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment of term loans		(2,731,572)	(428,914)
Repayments of hire purchase liabilities		(1,538,829)	(2,364,537)
Net proceeds from short term borrowings		1,850,075	18,046,000
Proceeds from issue of shares to minority interests		120,000	-
Dividend paid		(2,783,152)	(2,124,526)
Dividend paid to minority interests		(16,317)	-
Increase in fixed deposits pledged		(113,889)	(241,274)
Net cash (outflow)/inflow from financing activities		(5,213,684)	12,886,749
Net increase in cash and cash equivalents		7,637,856	1,692,845
Cash and cash equivalents at beginning of the financial year		18,183,381	16,490,536
Cash and cash equivalents at end of the financial year	31(c)	25,821,237	18,183,381

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

Cash Flow Statement (cont'd)

for the financial year ended 31 December 2008

	Note	2008 RM	2007 RM
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(125,460)	37,817,372
Adjustments for non-cash items, interests and dividends	31(a)	(9)	(38,003,561)
Operating loss before working capital changes		(125,469)	(186,189)
Increase in other receivables		(50,347)	(3,329)
Increase in other payables		16,017	44,932
Cash used in operations		(159,799)	(144,586)
Tax paid		(14,624)	(20,624)
Net cash outflow from operating activities		(174,423)	(165,210)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment from/(Advances to) subsidiary companies		2,918,146	(25,395,648)
Dividend received		8	27,742,600
Net cash inflow from investing activities		2,918,154	2,346,952
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		(2,783,152)	(2,124,526)
Net cash outflow from financing activity		(2,783,152)	(2,124,526)
Net (decrease)/increase in cash and cash equivalents		(39,421)	57,216
Cash and cash equivalents at beginning of the financial year		103,256	46,040
Cash and cash equivalents at end of the financial year	31(c)	63,835	103,256

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs as described in Note 2 to the financial statements.

The financial statements of the Group and of the Company have been prepared on a historical basis unless otherwise indicated in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

1.2 Summary of significant accounting policies

(a) Subsidiary companies and basis of consolidation

(i) Investment in subsidiary companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entities.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in income statement.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Summary of significant accounting policies (cont'd)

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 1.2(g) to the financial statements.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1.2(g).

Freehold land is not amortised as it has an infinite life. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant, machinery and cabin	10% - 15%
Renovation	10% - 20%
Motor vehicles	10% - 20%
Furniture and fitting and office equipment	10%

Expenditure incurred on the installation of construction and extension of buildings, plant and machinery is capitalised as capital work-in-progress until the buildings and plant are fully completed and operational.

The residual values, useful life and depreciation method are reviewed at each financial year end 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 property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in income statement.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Such properties are measured initially at cost, including transaction costs, and thereafter are stated at fair value, which is determined by Directors by reference to market evidence of transaction prices for similar properties, and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any difference between the net disposal proceeds and the carrying amount is charged or credited to income statement in the year in which they arise.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Summary of significant accounting policies (cont'd)

(e) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance lease - the Group as lessee

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 1.2(c).

(iii) Operating lease - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payment and are amortised on a straight-line basis over the lease term.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Summary of significant accounting policies (cont'd)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises costs of raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(g) Impairment for non-financial assets

The carrying amounts of assets, other than investment properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

An impairment loss is recognised in the income statement if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reversed the effect of that event.

(h) Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as 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 either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Summary of significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investment in subsidiary companies and investment properties are stated at cost less impairment loss. Impairment losses are recognised for all declines in value.

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increase or decrease in the carrying amount of marketable securities are credited or charged to the income statement respectively.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

(iii) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. Allowance for bad and doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivables.

(iv) Payables

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

(v) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(i) Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Summary of significant accounting policies (cont'd)

(j) Income tax

Income tax on the profit or loss 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 at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill 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 is 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 tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(k) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial years.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(l) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Summary of significant accounting policies (cont'd)

(l) Foreign currencies (cont'd)

(ii) Foreign currency transactions

In preparing in the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the year.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the rental agreement.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(n) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where the liability cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable but not virtually certain.

In the acquisition of subsidiaries companies by the Group under a business combinations, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Summary of significant accounting policies (cont'd)

(o) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

2. CHANGES IN ACCOUNTING POLICIES ARISING FROM ADOPTION OF NEW AND REVISED FRSs

On 1 January 2008, the Group and the Company adopted the following revised FRSs, Amendments to FRS and Issues Committee ("IC") Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of the FRSs 107, 112, 118, 134 and 137 did not have any significant financial impact on the results and financial position of the Group and the Company upon their initial application. FRSs 111 and 120, amendment to FRS 121 and IC Interpretations 1, 2, 5, 6, 7 and 8 are not relevant to the Group and the Company's operations.

2. CHANGES IN ACCOUNTING POLICIES ARISING FROM ADOPTION OF NEW AND REVISED FRSS (CONT'D)

At the date of authorisation of these financial statements, the following new FRSS and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSS and IC Interpretations		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

FRS 4 is not relevant to the Group's and the Company's operations.

The other new FRSS and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work-in-progress, is depreciated on a straight-line basis over the assets' useful lives. Management reviews the remaining useful lives of property, plant and equipment at the end of each financial year and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

(ii) Impairment of assets

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and CGUs, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and change the recoverable amounts of assets and impairment losses needed.

Notes To The Financial Statements *(cont'd)*

31 December 2008

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
As at 31 December 2008					
COST					
At 1 January 2008	31,314,897	32,344,069	5,927,625	1,402,475	70,989,066
Additions	1,534,336	5,095,292	550,672	606,313	7,786,613
Disposals	(852,736)	(2,693,970)	(130,600)	(64,652)	(3,741,958)
Written off	-	(374,252)	(230,710)	-	(604,962)
Transfer	960,097	-	-	(960,097)	-
At 31 December 2008	32,956,594	34,371,139	6,116,987	984,039	74,428,759
ACCUMULATED DEPRECIATION					
At 1 January 2008	5,704,816	17,219,666	3,303,321	-	26,227,803
Charge for the financial year	837,241	2,793,745	448,563	-	4,079,549
Disposals	(217,167)	(2,186,876)	(116,803)	-	(2,520,846)
Written off	-	(340,850)	(229,805)	-	(570,655)
At 31 December 2008	6,324,890	17,485,685	3,405,276	-	27,215,851
ACCUMULATED IMPAIRMENT LOSSES					
At 1 January 2008	-	500,000	-	-	500,000
Charge for the financial year	-	327,686	-	-	327,686
	-	827,686	-	-	827,686
CARRYING AMOUNTS					
At 31 December 2008	26,631,704	16,057,768	2,711,711	984,039	46,385,222

As at 31 December 2007

COST

At 1 January 2007	29,390,230	30,313,438	5,489,518	1,916,479	67,109,665
Additions	163,420	3,768,716	458,115	1,804,294	6,194,545
Disposals	-	(2,272,936)	(2,499)	-	(2,275,435)
Written off	-	(22,200)	(17,509)	-	(39,709)
Transfer	1,761,247	557,051	-	(2,318,298)	-
At 31 December 2007	31,314,897	32,344,069	5,927,625	1,402,475	70,989,066

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

GROUP	Land and buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
As at 31 December 2007 (cont'd)					
ACCUMULATED DEPRECIATION					
At 1 January 2007	4,873,789	15,114,892	2,897,868	-	22,886,549
Charge for the financial year	831,027	3,130,585	420,204	-	4,381,816
Disposals	-	(1,012,131)	(292)	-	(1,012,423)
Written off	-	(13,680)	(14,459)	-	(28,139)
At 31 December 2007	5,704,816	17,219,666	3,303,321	-	26,227,803
ACCUMULATED IMPAIRMENT LOSS					
At 1 January 2007 and 31 December 2007	-	500,000	-	-	500,000
CARRYING AMOUNTS					
At 31 December 2007	25,610,081	14,624,403	2,624,304	1,402,475	44,261,263
The carrying amounts of property, plant and equipment acquired under hire purchase arrangements are as follows:					
CARRYING AMOUNTS					
At 31 December 2008	-	5,711,249	-	-	5,711,249
At 31 December 2007	-	6,601,429	-	-	6,601,429

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

COMPANY	Office equipment RM
As at 31 December 2008	
COST	
At 1 January and 31 December 2008	4,500
ACCUMULATED DEPRECIATION	
At 1 January and 31 December 2008	4,500
CARRYING AMOUNTS	
At 31 December 2008	-
As at 31 December 2007	
COST	
At 1 January and 31 December 2007	4,500
ACCUMULATED DEPRECIATION	
At 1 January and 31 December 2007	4,500
CARRYING AMOUNTS	
At 31 December 2007	-

(a) Analysis of land and buildings as follows:

GROUP	Freehold land RM	Buildings RM	Total RM
As at 31 December 2008			
COST			
At 1 January 2008	5,892,105	25,422,792	31,314,897
Additions	1,404,803	129,533	1,534,336
Disposals	-	(852,736)	(852,736)
Transfer	-	960,097	960,097
At 31 December 2008	7,296,908	25,659,686	32,956,594
ACCUMULATED DEPRECIATION			
At 1 January 2008	-	5,704,816	5,704,816
Charge for the financial year	-	837,241	837,241
Disposals	-	(217,167)	(217,167)
At 31 December 2008	-	6,324,890	6,324,890
CARRYING AMOUNTS			
At 31 December 2008	7,296,908	19,334,796	26,631,704

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

(a) Analysis of land and buildings as follows:

GROUP	Freehold land RM	Buildings RM	Total RM
As at 31 December 2007			
COST			
At 1 January 2007	5,892,105	23,498,125	29,390,230
Additions	-	163,420	163,420
Transfer	-	1,761,247	1,761,247
At 31 December 2007	5,892,105	25,422,792	31,314,897
ACCUMULATED DEPRECIATION			
At 1 January 2007	-	4,873,789	4,873,789
Charge for the financial year	-	831,027	831,027
At 31 December 2007	-	5,704,816	5,704,816
CARRYING AMOUNTS			
At 31 December 2007	5,892,105	19,717,976	25,610,081

(b) Certain landed properties with carrying values totalling RM11,237,727 (2007: RM11,847,908) have been pledged as securities for term loans and bank overdraft of certain subsidiary companies.

(c) The issuance of title deeds of certain pieces of freehold and leasehold land of the subsidiary companies are pending from the relevant authorities as at 31 December 2008.

5. INVESTMENT PROPERTIES

	GROUP	
	2008 RM	2007 RM
At fair value:		
At 1 January	5,338,000	5,338,000
Additions	375,304	-
Disposals	(125,000)	-
At 31 December	5,588,304	5,338,000
Analysed as:		
Freehold land and buildings	3,258,304	3,008,000
Leasehold land and buildings	2,330,000	2,330,000
	5,588,304	5,338,000

Investment properties are state at fair value, which has been determined based on valuations as at 31 December 2008 performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuations were arrived at by reference to market evidence of transaction prices for similar properties, and were performed in accordance to International Valuation Standards.

As disclosed in Note 27, the rental income earned by the Group for the financial year ended 31 December 2008 from its investment properties amounted to RM173,000 (2007: RM158,200). Direct operating expenses (including repairs and maintenance) arising from investment properties that generate rental income and from investment properties that did not generate rental income are RM34,176 (2007: RM31,953) and RM29,100 (2007: RM20,529) respectively.

Notes To The Financial Statements *(cont'd)*

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6. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2008 RM	2007 RM
At 1 January	12,065,885	12,371,238
Amortisation during the financial year	(305,353)	(305,353)
At 31 December	11,760,532	12,065,885
Analysed as:		
Long term leasehold land	10,240,000	10,376,405
Short term leasehold land*	1,520,532	1,689,480
	11,760,532	12,065,885

* Short term leases refer to leasehold land that has an unexpired period of 50 years.

The Directors have applies the transitional provisions of FRS 117 where the Company retain the unamortised revalued amount of the short leasehold land as the surrogate carrying amount of prepaid land lease payment. The short leasehold land was revalued in 1997 by the Directors based on independent valuation report carried out by a firm of professional surveyors and valuers on a market value basis.

Certain leasehold land with an aggregate carrying value of RM6,147,998 (2007: RM6,282,197) have been pledged as securities for term loans and bank overdraft of certain subsidiary companies.

7. SUBSIDIARY COMPANIES

	COMPANY	
	2008 RM	2007 RM
Unquoted shares at cost	43,743,927	43,743,927

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2008 %	2007 %	
Chuan Huat Hardware Holdings Sdn Bhd	Malaysia	100	100	Investment holding
Chuan Huat Hardware (Sdn) Berhad	Malaysia	100	100	Hardware merchant
Disccomp Berhad	Malaysia	# 63.9	# 63.9	Manufacturing and marketing of computer diskettes of all kind and investment holding
Bars & Mesh Industries Sdn Bhd	Malaysia	# 100	# 100	Trading of steel wire products
SC-PNP Edaran Sdn Bhd	Malaysia	# 100	# 100	Retailers and supplier of computer hardware, software, accessories and services
CH Reinforcing Steel (M) Sdn Bhd	Malaysia	# 100	# 100	Processing and trading of steel wire products

7. SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2008 %	2007 %	
SC Multimedia Product Sdn Bhd	Malaysia	# 100	# 100	Manufacturing and trading in magnetic media products and replacement of inkjet cartridges
Chuan Huat Metal Sdn Bhd	Malaysia	# 80	# 80	Trading in building materials
Interactive Office Supplies Sdn Bhd	Malaysia	-	# 100	Dormant
Vibrant Innovations Sdn Bhd	Malaysia	-	# 98.3	Dormant
CH Steel Recycle Centre Sdn Bhd	Malaysia	# 100	# 100	Steel service centre
Chuan Huat Industrial Marketing Sdn Bhd	Malaysia	# 100	# 100	Trading as hardware merchant, retailers, importers and exporters and suppliers of building and construction materials of all kind
CHRB Selatan Sdn Bhd	Malaysia	# 100	# 80	Hardware merchants, retailers and suppliers of building and construction materials of all kind
CHRB Utara Sdn Bhd	Malaysia	# 100	# 100	Trading in building materials
Empties Trading Connections Sdn Bhd	Malaysia	-	# 100	Dormant
Pineapple Computer Systems Sdn Bhd	Malaysia	# 92.2	# 92.2	Retailing in computers and related accessories
Esy Ink Technology Sdn Bhd	Malaysia	# 100	# 100	Import and distribution of full range of compatible inkjet cartridges, toners and related accessories
Esyink Remanufacturing Sdn Bhd	Malaysia	-	# 100	Dormant
Pineapple Computers & Accessories Sdn Bhd	Malaysia	# 100	# 100	Retailing in computers and related accessories
CH Rebar Sdn Bhd	Malaysia	# 100	# 100	Cutting and bending of steel bars
CHRB Corporation Sdn Bhd	Malaysia	# 100	# 100	Investment holding
CHRB Properties Sdn Bhd	Malaysia	# 100	# 100	Trading in properties
CHRB Timuran Sdn Bhd	Malaysia	# 100	# 100	Dealing and marketing in building materials
SC Multimedia (EM) Sdn Bhd	Malaysia	# 51	# 51	Trading and distribution of full range of computer peripherals and accessories (ceased operations since 1.12.2008)

7. SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2008 %	2007 %	
Pine System Technology Sdn Bhd	Malaysia	# 51	# 51	Dealers of computer hardware, software and related products
Pemasaran Esyfence Sdn Bhd	Malaysia	# 100	# 100	Dormant
Esytech Export Sdn Bhd	Malaysia	-	# 51	Dormant
Pineapple Computer Utara Sdn Bhd	Malaysia	# 51	# 51	Retailing and distribution of full range of computer peripherals and accessories
Trident Point Sdn Bhd	Malaysia	-	# 80	Dormant
Keyline Consulting Sdn Bhd	Malaysia	# 70	# 70	Trading and retailing of ironmongery products and architectural hardware
CHRB Building Materials Sdn Bhd	Malaysia	# 60	# 60	Trading in building materials
Pine Computer Sdn Bhd	Malaysia	# 55	# 55	Retailing in computer hardware, software and computer related products

Holding in equity by subsidiary companies.

8. INVESTMENTS

	GROUP	
	2008 RM	2007 RM
Unquoted shares at cost	3,275,000	3,275,000
Accumulated impairment loss	(428,250)	(356,250)
	2,846,750	2,918,750
Quoted shares in Malaysia at cost	18,000	18,000
Accumulated impairment loss	(13,000)	(12,100)
	5,000	5,900
Quoted unit trusts in Malaysia at cost	5,363	5,363
Accumulated impairment loss	(2,427)	-
	2,936	5,363
Club membership at cost	125,489	125,489
Total	2,980,175	3,055,502
Market value of:		
- quoted shares	5,000	5,900
- quoted unit trusts	2,936	4,807

9. GOODWILL

	GROUP	
	2008 RM	2007 RM
At beginning of the financial year	419,828	419,828
Additional investment in a subsidiary company	776,606	-
	1,196,434	419,828
Accumulated impairment loss	(419,828)	(419,828)
At end of the financial year	776,606	-

Goodwill acquired in business combination is allocated, at acquisition, to cash-generating units ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the steel operations of the Group.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 5 years based on estimated growth rate of 8% per annum. The discount rate used is 6.55% per annum.

10. INVENTORIES

	GROUP	
	2008 RM	2007 RM
At cost:		
Raw materials	114,936	12,484,312
Finished goods	10,211,935	47,453,419
Work-in-progress	172,334	5,275,360
Consumables	53,749	70,735
Completed properties	14,471,604	14,441,927
Goods in transit	-	13,757
	25,024,558	79,739,510
Allowance for inventories obsolescence - finished goods	(2,249)	(59,465)
	25,022,309	79,680,045
At net realisable value:		
Finished goods	31,977,466	222,021
Raw materials	4,304,731	-
Work-in-progress	761,182	-
	62,065,688	79,902,066

As at 31 December 2008, the strata titles of the completed properties have not been registered in the name of the subsidiary company.

A completed property with carrying value amounted to RM8,975,550 (2007: RM10,970,209) has been pledged to a licensed bank for credit facilities granted to a subsidiary company.

11. TRADE RECEIVABLES

	GROUP	
	2008 RM	2007 RM
Trade receivables	148,948,462	149,878,104
Allowance for doubtful debts	(23,528,710)	(22,874,725)
	125,419,752	127,003,379

The Group’s normal trade credit terms range from 7 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	44,113,296	30,174,462	-	-
Deposits	637,800	672,631	1,000	1,000
Prepayments	2,873,223	1,989,610	60,486	10,139
	47,624,319	32,836,703	61,486	11,139

Included in other receivables are deposits amounting to RM39.9 million (2007: RM23.7 million) paid to a supplier to secure the supply of finished goods.

13. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies which arose mainly from inter-company transactions, advances and payments made on behalf is unsecured, interest free and is repayable in cash on demand.

14. FIXED DEPOSITS WITH LICENSED BANKS

The deposits of the Group carry interest rates ranging from 2.8% to 3.7% (2007: 2.8% to 3.7%) per annum and have maturity periods range from 7 days to 365 days (2007: 30 days to 365 days).

The Group’s fixed deposits with carrying value of RM791,121 (2007: RM677,232) have been pledged to licensed banks for banking facilities granted to the subsidiary companies.

15. SHARE CAPITAL

	GROUP AND COMPANY Number of ordinary shares	RM
Authorised:		
2008		
Ordinary shares of RM0.50 each at 1 January 2008 and 31 December 2008	200,000,000	100,000,000
2007		
At 1 January 2007	100,000,000	100,000,000
Subdivision of ordinary shares of RM1.00 each into RM0.50 each on 17 July 2007	100,000,000	-
At 31 December 2007	200,000,000	100,000,000
Issued and fully paid:		
2008		
Ordinary shares of RM0.50 each at 1 January 2008 and 31 December 2008	125,367,200	62,683,600
2007		
At 1 January 2007	44,774,000	44,774,000
Subdivision of ordinary shares of RM1.00 each into RM0.50 each	44,774,000	-
Exercise of bonus issue after share split	35,819,200	17,909,600
At 31 December 2007	125,367,200	62,683,600

16. CAPITAL RESERVES

Details of capital reserves as at 31 December are as follows:

	GROUP	
	2008 RM	2007 RM
Accretion arising from change in equity interest in subsidiary companies	73,154	74,454
Capitalised for bonus issue by subsidiary companies	21,000,000	21,000,000
	21,073,154	21,074,454

Notes To The Financial Statements *(cont'd)*

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17. TERM LOANS

	GROUP	
	2008 RM	2007 RM
Secured:		
Term loans	5,735,634	8,467,206
Portion repayable within one year (Note 23)	(2,861,946)	(2,688,491)
	2,873,688	5,778,715

The term loans are repayable over the following periods:

	GROUP	
	2008 RM	2007 RM
Within one year	2,861,946	2,688,491
From one to two years	1,328,151	2,830,285
From two to five years	1,545,537	2,948,430
	5,735,634	8,467,206

The term loans are secured by way of charges over the landed properties of certain subsidiary companies. The term loans carry interest rates ranging from 5.55% to 8.50% (2007: 4.63% to 8.50%) per annum.

18. HIRE PURCHASE LIABILITIES

	GROUP	
	2008 RM	2007 RM
Hire purchase liabilities		
- payable within one year	1,384,495	1,459,567
- payable between one and five years	2,426,283	1,602,985
	3,810,778	3,062,552
Interest-in-suspense	(450,478)	(362,233)
	3,360,300	2,700,319
Portion due within one year	(1,228,524)	(1,280,052)
Non-current portion	2,131,776	1,420,267

The net hire purchase liabilities are repayable as follows:

	GROUP	
	2008 RM	2007 RM
Within one year	1,228,524	1,280,052
Between one and five years	2,131,776	1,420,267
	3,360,300	2,700,319

The hire purchase liabilities carry interest rates ranging from 2.43% to 7.90% (2007: 3.5% to 9.31%) per annum.

19. DEFERRED TAX LIABILITIES

	GROUP	
	2008 RM	2007 RM
At 1 January	2,268,384	1,630,126
Change in tax rate	(73,033)	-
Origination and reversal of temporary differences	413,954	638,258
Net recognised in income statements (Note 28)	340,921	638,258
At 31 December	2,609,305	2,268,384

The Group's movements in deferred tax liabilities and assets during the financial year prior to offsetting comprise the following:

GROUP Deferred tax liabilities	Accelerated capital allowances RM
At 1 January 2007	(2,302,381)
Recognised in income statements	(231,252)
At 31 December 2007	(2,533,633)
Recognised in income statements	(231,770)
At 31 December 2008	(2,765,403)

Deferred tax assets	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 January 2007	536,684	135,571	672,255
Recognised in income statements	(405,481)	(1,525)	(407,006)
At 31 December 2007	131,203	134,046	265,249
Recognised in income statements	4,090	(113,241)	(109,151)
At 31 December 2008	135,293	20,805	156,098

	RM
At 31 December 2008	
Net recognised in income statements	(340,921)
Net deferred tax liabilities	(2,609,305)
At 31 December 2007	
Net recognised in income statements	(638,258)
Net deferred tax liabilities	(2,268,384)

Notes To The Financial Statements *(cont'd)*

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19. DEFERRED TAX LIABILITIES (CONT'D)

	GROUP	
	2008 RM	2007 RM
Deferred tax assets not accounted for:		
- Unutilised tax losses	827,068	2,538,797
- Unabsorbed capital allowances	164,057	655,265
	991,125	3,194,062
The tax effect on deferred tax assets not accounted for	247,181	758,300

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

20. TRADE PAYABLES

The normal trade credit terms granted to the Group for trade purchase range from 7 days to 90 days.

21. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	978,805	2,123,114	36,264	21,247
Accruals	2,160,831	2,145,644	135,750	134,750
	3,139,636	4,268,758	172,014	155,997

22. BANK OVERDRAFTS

	GROUP	
	2008 RM	2007 RM
Unsecured	849,103	871,409

The bank overdrafts carry interest rates ranging from 7.50% to 8.50% (2007: 7.75% to 8.50%) per annum.

23. SHORT TERM BORROWINGS

	GROUP	
	2008 RM	2007 RM
Unsecured:		
Bills payable	158,255,075	156,405,000
Secured:		
Term loans		
- portion repayable within one year (Note 17)	2,861,946	2,688,491
	161,117,021	159,093,491

The short term borrowings carry interest rates ranging from 3.96% to 8.50% (2007: 3.59% to 8.50%) per annum.

24. REVENUE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of goods	691,740,635	599,812,923	-	-
Rental income	1,099,741	1,150,890	-	-
Dividend income from:				
- subsidiary companies	-	-	9	38,003,561
- unquoted investment	1,350,000	-	-	-
	694,190,376	600,963,813	9	38,003,561

25. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Salaries, wages and bonus	14,477,774	13,959,593	-	-
Defined contribution plans	1,546,219	1,420,005	-	-
Other employee benefits	2,254,993	2,409,350	155,000	130,000
	18,278,986	17,788,948	155,000	130,000

Included in employee benefits expense of the Group and of the Company is Directors remuneration as disclosed in Note 27(b).

26. FINANCE COSTS

	GROUP	
	2008 RM	2007 RM
Interest expenses on:		
- bills payable	6,751,206	6,849,201
- bank overdrafts	51,511	75,627
- term loans	546,453	592,269
- hire purchase	219,861	317,812
	7,569,031	7,834,909

Notes To The Financial Statements *(cont'd)*

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27. PROFIT/(LOSS) BEFORE TAXATION

(a) Profit/(Loss) before taxation is arrived at:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
After charging:				
Directors' remuneration (Note 27(b))	1,443,233	1,269,878	155,000	130,000
Auditors' remuneration:				
- current year	91,825	100,010	8,000	8,000
- over accrued in prior year	-	(9,470)	-	-
Depreciation	4,079,549	4,381,816	-	-
Amortisation of prepaid land lease payments	305,353	305,353	-	-
Rental of premises	741,103	886,968	-	-
Bad debts written off	128,897	50,188	-	-
Property, plant and equipment written off	34,307	11,570	-	-
Allowance for doubtful debts	3,256,806	3,056,592	-	-
Impairment loss on:				
- unquoted investment	72,000	71,250	-	-
- quoted investment	3,327	1,300	-	-
- property, plant and equipment	327,686	-	-	-
Allowance for inventories obsolescence	-	57,216	-	-
Inventories written off	771,518	770	-	-
Inventories written down	12,774,347	888,086	-	-
Loss on partial disposal of a subsidiary company	-	4,006	-	-
Loss on disposal of investment property	5,000	-	-	-
And crediting:				
Rental income from:				
- sublease receipts (Note 5)	173,000	158,200	-	-
- others	926,741	992,690	-	-
Gross dividend income from subsidiary companies	-	-	9	38,003,561
Gross dividend income from unquoted investment	1,350,000	-	-	-
Interest income from:				
- fixed deposits	111,040	26,703	-	-
- others	824,082	1,119,955	-	-
Allowance for doubtful debts written back	2,562,828	1,109,292	-	-
Gain on disposal of:				
- property, plant and equipment	200,801	392,285	-	-
- investment in subsidiary companies	6,768	-	-	-
- investment in an associated company	-	48,763	-	-
Management fees from:				
- subsidiary companies	-	-	232,800	232,800
- others	-	3,000	-	-
Allowance for inventories obsolescence written back	57,216	-	-	-

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

(a) Profit/(Loss) before taxation is arrived at: (cont'd)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Excess of the Group' interest in the net fair value of identifiable assets and liabilities and contingent liabilities over the cost of acquisition of additional shares in a subsidiary company from minority interests	-	107	-	-

(b) The aggregate amount of remuneration receivable by Directors of the Company during the financial year were categorised as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors:				
Salaries and other emoluments	1,093,929	955,182	-	-
Fees	60,000	52,000	45,000	30,000
Defined contributions plans	131,304	114,696	-	-
Non-executive Directors:				
Fees	158,000	148,000	110,000	100,000
	1,443,233	1,269,878	155,000	130,000

28. TAXATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current year	8,690,464	3,165,843	10,887	10,279,448
Prior years	222,848	(35,234)	395	9,574
Deferred tax liabilities (Note 19):				
- change in tax rate	(73,033)	-	-	-
- origination and reversal of temporary differences	413,954	638,258	-	-
	9,254,233	3,768,867	11,282	10,289,022

28. TAXATION (CONT'D)

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(Loss) before taxation	32,730,645	12,664,171	(125,460)	37,817,372
	%	%	%	%
Applicable tax rate	26	27	(26)	27
Effect of lower tax rate for certain subsidiary companies *	-	(1)	-	-
Expenses not deductible for tax purposes	6	13	35	1
Income not subject to tax	(2)	(2)	-	-
Utilisation of unabsorbed capital allowances and tax losses	(4)	(13)	-	-
Deferred tax assets not recognised during the financial year	-	1	-	-
Prior years	1	-	-	-
Deferred tax liabilities	1	5	-	-
Average effective tax rate	28	30	9	28

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

With effect from year of assessment 2008, the corporate tax rate is at 26%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 25% with effect from year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

The Company has an estimated tax exempt account amounting to RM359,000 available for the distribution of tax exempt dividends.

The Company has sufficient estimated tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of its accumulated profits as at 31 December 2008.

These amounts are subject to agreement with the tax authority.

29. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Basic and diluted earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2008	2007
Profit for the financial year attributable to equity holders of the Company (RM)	22,792,756	8,394,725
Weighted average number of ordinary shares in issue	125,367,200	125,367,200
Basic and diluted earnings per share (sen)	18.20	6.70

30. DIVIDENDS

	GROUP AND COMPANY			
	2008	2007		
	Gross dividend per share (sen)	Amount of dividend net of tax RM	Gross dividend per share (sen)	Amount of dividend RM
Interim dividend in respect of the financial year ended 31 December 2008	1.5	1,391,576	-	-
Final dividend in respect of the financial year ended 31 December 2007	1.5	1,391,576	-	-
Interim dividend in respect of the financial year ended 31 December 2007	-	-	3	980,551
First and final dividend in respect of the financial year ended 31 December 2006	-	-	1.25	1,143,975
		2,783,152		2,124,526

The Directors recommend a final dividend of 4 sen per share less 25% income tax in respect of the financial year ended 31 December 2008 amounting to RM3,761,016. The proposed final dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Notes To The Financial Statements *(cont'd)*

31 December 2008

31. CASH FLOW STATEMENTS

(a) Adjustments for non-cash items, interests and dividends

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Amortisation of prepaid land lease payments	305,353	305,353	-	-
Bad debts written off	128,897	50,188	-	-
Depreciation	4,079,549	4,381,816	-	-
Dividend income	(1,350,000)	-	(9)	(38,003,561)
Loss on disposal of an investment property	5,000	-	-	-
Interest income	(935,122)	(1,146,658)	-	-
Interest expenses	7,569,031	7,834,909	-	-
Property, plant and equipment written off	34,307	11,570	-	-
Allowance for doubtful debts written back	(2,562,828)	(1,109,292)	-	-
Impairment loss on:				
- unquoted investment	72,000	71,250	-	-
- quoted investment	3,327	1,300	-	-
- property, plant and equipment	327,686	-	-	-
Loss on partial disposal of a subsidiary company	-	4,006	-	-
Gain on disposal of:				
- property, plant and equipment	(200,801)	(392,285)	-	-
- investment in subsidiary companies	(6,768)	-	-	-
- investment in an associated company	-	(48,763)	-	-
Allowance for doubtful debts	3,256,806	3,056,592	-	-
Inventories written off	771,518	770	-	-
Allowance for inventories obsolescence written back	(57,216)	-	-	-
Inventories written down	12,774,347	888,086	-	-
Excess of the Group' interest in the net fair value of identifiable assets and liabilities and contingent liabilities over the cost of acquisition of additional shares in a subsidiary company from minority interests	-	(107)	-	-
Allowance for inventories obsolescence	-	57,216	-	-
	24,215,086	13,965,951	(9)	(38,003,561)

31. CASH FLOW STATEMENTS (CONT'D)

(b) Purchase of property, plant and equipment

	GROUP	
	2008 RM	2007 RM
Aggregate cost	7,786,613	6,194,545
Acquired by means of:		
- hire purchase	(2,198,810)	(1,763,765)
- contra against trade receivables	(57,582)	(61,156)
Cash payments made to purchase property, plant and equipment	5,530,221	4,369,624

(c) Cash and cash equivalents at end of the financial year

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	10,641,121	4,857,233	-	-
Cash and bank balances	16,820,340	14,874,789	63,835	103,256
Bank overdrafts	(849,103)	(871,409)	-	-
	26,612,358	18,860,613	63,835	103,256
Fixed deposits pledged (Note 14)	(791,121)	(677,232)	-	-
	25,821,237	18,183,381	63,835	103,256

32. RELATED PARTY TRANSACTIONS

The related parties of the Group and of the Company comprise the following:

- related companies being subsidiary companies of Chuan Huat Resources Berhad;
- other related parties being companies in which Directors of the Company and Directors of subsidiary companies have an interest; and
- key management personnel includes the Company's Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or Company either directly or indirectly. Executive and Non-Executive Directors compensation is disclosed in Note 27(b).

The significant related party transactions are as follows:

(a) Sale of goods

	GROUP	
	2008 RM	2007 RM
Other related party - Ahmad Zaki Sdn Bhd	15,838,985	13,932,861

32. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Purchase of goods

	GROUP	
	2008 RM	2007 RM
Other related party:		
- Anshin Steel Processor Centre Sdn Bhd	5,861,652	6,250,614

(c) Others

	COMPANY	
	2008 RM	2007 RM
Dividend income received from subsidiary companies:		
- Chuan Huat Hardware (Sdn) Berhad	121	30,503,561
- Chuan Huat Hardware Holdings Sdn Bhd	(112)	7,500,000
Management fees received from subsidiary company:		
- Chuan Huat Hardware (Sdn) Berhad	232,800	232,800

Ahmad Zaki Sdn Bhd is a company in which Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, a Director of the Company, has a substantial financial interest.

Anshin Steel Processor Centre Sdn Bhd is a company in which Dato' Lim Khoon Heng is a Director and has indirect interest through Chuan Huat Hardware Holdings Sdn Bhd, a wholly- owned subsidiary company of the Company.

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are not more favourable than those arranged with independent third parties.

33. CAPITAL COMMITMENT

The Group has the following commitments:

	GROUP	
	2008 RM	2007 RM
Capital expenditure for property, plant and equipment		
- approved but not contracted for	1,804,055	-

34. CONTINGENT LIABILITIES

	COMPANY	
	2008 RM	2007 RM
Unsecured:		
Guarantees in respect of banking facilities granted to subsidiary companies	184,403,000	187,403,000
Corporate guarantees given to suppliers for supply of goods to subsidiary companies	14,000,000	15,600,000
	198,403,000	203,003,000

35. SEGMENTAL ANALYSIS - GROUP

The primary reporting format is based on business segments.

The Group is organised into two major business segments:

- (i) Hardware and building materials - Trading in steel and all types of building materials.
- (ii) Technology related products - Manufacturing of computer diskettes, magnetic media products and ink cartridges and retailing in computers and related accessories.

Other business segments comprise investment holding and trading in properties.

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

35. SEGMENT ANALYSIS - GROUP

2008

BUSINESS SEGMENTS

	Trading in hardware and building materials RM	Technology related products Trading RM	Manufacturing RM	Investment holdings RM	Trading in properties RM	Eliminations RM	Consolidated RM
REVENUE							
External sales	658,642,772	32,889,544	1,080	1,633,700	1,023,280	-	694,190,376
Inter-segment sales	287,980,789	13,556,685	1,370	1,204,209	24,000	(302,767,053)	-
	946,623,561	46,446,229	2,450	2,837,909	1,047,280	(302,767,053)	694,190,376
RESULTS							
Segment results							
Finance costs	38,138,060	578,403	1,080	519,520	127,491	-	39,364,554
Interest income							(7,569,031)
Taxation							935,122
							(9,254,233)
Profit for the financial year							23,476,412
OTHER INFORMATION							
Total segment assets	262,350,762	24,515,671	-	27,304,867	15,114,153		329,285,453
Unallocated corporate assets							1,350,735
Total assets							330,636,188
Total segment liabilities	197,719,971	1,717,541	-	954,319	192,860		200,584,691
Unallocated corporate liabilities							2,809,072
Total liabilities							203,393,763
Capital expenditure	6,258,104	258,965	-	1,644,848	-	-	8,161,917
Depreciation	3,084,045	465,672	-	529,556	276	-	4,079,549
Amortisation	77,486	-	-	227,867	-	-	305,353
Non-cash expenses other than depreciation and amortisation	15,572,561	1,367,417	327,686	106,224	-	-	17,373,888

35. SEGMENT ANALYSIS - GROUP (CONT'D)

2007

BUSINESS SEGMENTS

	Trading in hardware and building materials RM	Technology related products Trading RM	Manufacturing RM	Investment holdings RM	Trading in properties RM	Eliminations RM	Consolidated RM
REVENUE							
External sales	566,243,071	32,931,892	(14,090)	320,200	1,482,740	-	600,963,813
Inter-segment sales	160,852,274	19,490,245	374,685	39,159,161	24,000	(219,900,365)	-
	727,095,345	52,422,137	360,595	39,479,361	1,506,740	(219,900,365)	600,963,813
RESULTS							
Segment results	19,917,408	1,944,777	(1,371,256)	(1,391,679)	253,172	-	19,352,422
Finance costs							(7,834,909)
Interest income							1,146,658
Taxation							(3,768,867)
Profit for the financial year							8,895,304
OTHER INFORMATION							
Total segment assets	256,138,240	22,674,737	1,081,787	29,789,350	14,510,706		324,194,820
Unallocated corporate assets							683,663
Total assets							324,878,483
Total segment liabilities	210,570,011	1,899,166	2,623	1,811,261	61,286		214,344,347
Unallocated corporate liabilities							2,862,218
Total liabilities							217,206,565
Capital expenditure	4,934,269	430,652	-	827,431	2,193		6,194,545
Depreciation	3,044,276	436,751	369,438	531,184	167		4,381,816
Amortisation	77,486	-	-	227,867	-		305,353
Non-cash expenses other than depreciation and amortisation	3,884,248	199,488	57,242	-	-		4,140,978

36. DISPOSAL OF SUBSIDIARY COMPANIES

During the financial year, the Group completed the following disposals:

- (a) through Esky Ink Technology Sdn Bhd, a wholly-owned subsidiary of the Group:
 - (i) to dispose of its entire 51% equity interest in Eskytech Export Sdn Bhd for a total cash consideration of RM1.00; and
 - (ii) to dispose of its entire 100% equity interest in Eskyink Remanufacturing Sdn Bhd for a total cash consideration of RM540,750.
- (b) through SC-PNP Edaran Sdn Bhd, a wholly-owned subsidiary of the Group:
 - (i) to dispose of its entire 98.31% equity interest in Vibrant Innovations Sdn Bhd for a total cash consideration of RM83,950; and
 - (ii) to dispose of its entire 100% equity interest in Interactive Office Supplies Sdn Bhd for a total cash consideration of RM142,979.
- (c) On 11 March 2008, Disccomp Berhad, a subsidiary company of the Group, had disposed of its entire 80% equity interest in Trident Point Sdn Bhd for a total cash consideration of RM11,386; and
- (d) On 23 December 2008, Disccomp Berhad, a subsidiary company of the Group, had disposed of its entire 100% equity interest in Empties Trading Connections Sdn Bhd for a total cash consideration of RM1.00.
- (i) The effects of the disposal on the financial results of the Group were as follows:

	2008 RM
Revenue	-
Other operating income	4,107
Operating expenses	(6,522)
Finance cost	-
Loss before taxation	(2,415)
Taxation	(283)
Loss for the financial year	(2,698)

- (ii) The effects of the disposal on the financial position of the Group were as follows:

	2008 RM
Cash and bank balances	240,253
Receivables	548,643
Payables	(13,479)
Taxation	(76)
Minority interests	(3,042)
Net assets disposed	772,299
Proceeds from disposal	(779,067)
Gain on disposal to the Group	(6,768)
Proceeds from disposal	779,067
Less: Cash and cash equivalents of subsidiaries disposed	(240,253)
Net cash inflow to the Group	538,814

37. CORPORATE INFORMATION

- (a) The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia.
- (b) The registered office and principal place of business of the Company are both located at Wisma Lim Kim Chuan, Lot 50A, Section 92A, 3½ Miles, Off Jalan Sungei Besi, 57100 Kuala Lumpur.
- (c) The principal activity of the Company is investment holding.
- (d) The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 April 2009.

38. SIGNIFICANT EVENT

During the financial year, Chuan Huat Hardware (Sdn) Berhad ("CHH"), a wholly-owned subsidiary company of the Company, had on 7 July 2008, entered into a Sale and Purchase Agreement of shares with See Chok Hock, for the acquisition of 200,000 ordinary shares of RM1.00 each in CHRB Selatan Sdn Bhd ("CHRB Selatan"), representing the remaining 20% equity interest in CHRB Selatan, for a total purchase consideration of RM2 million.

The acquisition of CHRB Selatan by CHH was completed on 12 August 2008, hence CHRB Selatan became a wholly-owned subsidiary company of the Company.

39. SUBSEQUENT EVENT

Disccomp Berhad, a subsidiary company of the Group, has on 26 March 2009 made an announcement to Bursa Malaysia Securities Berhad for the cessation of the micro floppy diskettes manufacturing and distribution operations.

40. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guideline that are approved by the Board and the Group's policy is not to engage in speculative transactions. The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities where the currency denomination differs from the local currency, Ringgit Malaysia (RM). Exposures to foreign currency risks are monitored on an ongoing basis and the Group does not hedge its foreign currency risk.

(b) Interest rate risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Credit risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

Generally, the Group does not require collateral in respect of its financial assets. The Group is not exposed to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial assets.

40. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

(d) Market risk

The Group's principal exposure to market risk arises mainly from the changes in equity prices. The Group manages disposal of its investments to optimise returns on realisation.

(e) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings.

Fair values

The carrying amounts of financial assets and liabilities of the Group and Company as at 31 December 2008 approximated their fair values except as set out below:

	GROUP Carrying amount RM	Fair value RM
Financial assets		
Investments - quoted	7,936	7,936*

* Market value as at financial year end

No disclosure is made for unquoted shares because of the lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined.

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

(a) Deposits, cash and bank balances

The carrying amounts of deposits, cash and bank balances approximate fair values due to the relatively short term maturity of these instruments.

(b) Marketable securities

The fair values of publicly traded instruments are estimated based on the quoted market prices.

(c) Trade and other receivables and payables

The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate fair values. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their short maturity.

(d) Borrowings

The carrying amount of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

(e) Amount due from subsidiary companies

The carrying amount of the amount due from subsidiary companies is a reasonable estimate of fair value because of its short maturity.

Statement Of Shareholdings

as at 11 May 2009

Authorised Share Capital	:	RM100,000,000.00 divided into 200,000,000 shares of 50 sen each
Issued and Paid-Up Capital	:	RM 62,683,600.00 divided into 125,367,200 shares of 50 sen each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	On show of hands - one (1) vote
		On a poll - one (1) vote for each share held

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less Than 100	11	0.43	390	0.00
100 - 1,000	33	1.30	20,140	0.02
1,001 - 10,000	1,845	72.50	7,642,498	6.09
10,001 - 100,000	587	23.06	14,492,231	11.56
100,001 - Less Than 5% Of Issue Shares	64	2.51	44,417,314	35.43
5% And Above Of Issued Share	5	0.20	58,794,627	46.90
Total	2,545	100.00	125,367,200	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 11 MAY 2009

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Dato’ Lim Khoon Heng	13,350,890	10.64	16,709,326 ^(a)	13.33
Dato’ Lim Loong Heng	13,350,887	10.64	16,709,326 ^(a)	13.33
Dato’ Lim Khoon Hock	13,350,887	10.64	16,709,326 ^(a)	13.33
Dato’ Sri Haji Wan Zaki Bin Haji Wan Muda	10,738,551	8.56	-	-
Nik Awang @ Wan Azmi Bin Wan Hamzah	8,003,412	6.38	-	-
Lim Kim Chuan & Sons Holdings Sdn Bhd	6,377,357	5.09	-	-

DIRECTORS’ SHAREHOLDINGS AS AT 11 MAY 2009

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Dato’ Lim Khoon Heng	13,350,890	10.64	16,709,326 ^(a)	13.33
Dato’ Lim Loong Heng	13,350,887	10.64	16,709,326 ^(a)	13.33
Dato’ Lim Khoon Hock	13,350,887	10.64	16,709,326 ^(a)	13.33
Dato’ Sri Haji Wan Zaki Bin Haji Wan Muda	10,738,551	8.56	-	-
Dali Kumar @ Dali Bin Sardar	91,800	0.07	-	-
Tai Keat Chai	-	-	-	-
Leow Bock Lim	-	-	-	-

Note:

(a) Deemed interest by virtue of their interests in Lim Kim Chuan & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and by virtue of their parents’ (Lim Kim Chuan and Hew Kwee Won) shareholding in Chuan Huat Resources Berhad.

Statement Of Shareholdings (cont'd)

as at 11 May 2009

LIST OF 30 LARGEST SHAREHOLDERS AS AT 11 MAY 2009

No.	Name	No. of Shares Held	%
1	LIM KHOON HENG	13,350,890	10.65
2	LIM KHOON HOCK	13,350,887	10.65
3	LIM LOONG HENG	13,350,887	10.65
4	WAN ZAKI BIN WAN MUDA	10,738,551	8.57
5	NIK AWANG @ WAN AZMI BIN WAN HAMZAH	8,003,412	6.38
6	W MOHAMED @ NIK AZAM BIN WAN HAMZAH	5,448,688	4.35
7	LIM KIM CHUAN	5,297,197	4.23
8	HEW KWEE WON	5,034,772	4.02
9	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	5,024,084	4.01
10	CHONG MOAN LAM @ CHEONG MOON LAM	3,904,600	3.11
11	MAYBAN SECURITIES NOMINEES (TEMPATAN) SD PLEDGED SECURITIES ACCOUNT FOR LEOW LEE FONG (REM 196)	3,592,580	2.87
12	AU WENG KEONG	1,450,120	1.16
13	EMINENT OASIS SDN. BHD.	1,400,000	1.12
14	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	1,353,273	1.08
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	935,200	0.75
16	KHONG CHOOK CHONG	770,200	0.61
17	MAYBAN SECURITIES NOMINEES (TEMPATAN) SD PLEDGED SECURITIES ACCOUNT FOR LEOW CHOW KUEN (REM 196)	716,360	0.57
18	KHONG TSEE CHONG @ KHONG HOO CHONG	496,400	0.40
19	LEE KOING @ LEE KIM SIN	466,200	0.37
20	ESPOIR INVESTMENTS PTE LTD	427,000	0.34
21	KHONG OW CHONG	389,200	0.31
22	ANG ENG THAI	379,400	0.30
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HOW LIN HONG (PB)	280,000	0.22
24	LAI BEE KUEN	270,000	0.22
25	HEW CHEE WAH	261,720	0.21
26	YOON KIM YOKE	260,000	0.21
27	CHEN THIAM KWEE @ TAN THIAM KWEE	224,000	0.18
28	CHAN FONG YAU	220,000	0.18
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH AH BAA @ TEOH BENG SUANG (IMO/M&A)	210,000	0.17
30	CHUANG SHOW CHUAN	203,200	0.16
		97,808,821	78.05

LIST OF TOP 10 PROPERTIES - AS AT 31 DECEMBER 2008
- in terms of highest Net Book Value

Location / Address	Description / Existing Usage	Land Area / Build Up Area (Sq.Metre)	Tenure / Approx Age of building	Net Book Value (RM)	Year Of Acquisition (Revaluation)
Lot 7401, PT 1888 Kawasan Perindustrian Nilai Fasa II 71800 NILAI	Industrial land with factory, office & canteen / OWN USE	28,416 / 12,600	Leasehold - 99 years expiring in 2091 / 14	10,244,287	1997
Lot 10464, Jalan Kebun Nenas, Off Jalan Bukit Kemuning 41000 KLANG	Industrial land with warehouse & office / OWN USE	40,646 / 5,955	Freehold / 5	8,111,552	1998
Lot 1651, Kawasan Perindustrian Nilai Fasa II 71800 NILAI	Industrial land with factory & office / OWN USE	15,570 / 7,041	Leasehold - 99 years expiring in 2090 / 14	5,025,239	1997
Lot 120, 121, 122, 123, 124 & 175, Jalan Pudu KUALA LUMPUR	6 lots of commercial land / RENTED	1,422	Freehold / NA	4,788,465	2005
Lot A-12 Three Two Square Commercial Centre Section 14 PETALING JAYA	7 Storey office block / VACANT	168 / 1,149	Leasehold - 99 years expiring in 2104 / 2	4,187,085	2005
C43, Block C, Lot 1566 Nilai Industrial Area 71800 NILAI	Industrial land with factory & office / RENTED	16,820 / 2,358	Leasehold - 99 years expiring in 2089 / 19	3,338,633	1998
Lot 135, Section 92A off Jalan Sungai Besi 57100 KUALA LUMPUR	Industrial land with warehouse & office / OWN USE	3,457 / 2,052	Leasehold - 42 years expiring in 2017 / 4	2,987,620	1997
19, Lorong Tiara 1B Bandar Baru Klang 41150 KLANG	4 Storey's shop office / 1 Storey - OWN USE 3 Storey's - RENTED	307 / 1,226	Leasehold - 99 years expiring in 2093 / 15	2,200,000	1999
Lot 19, Section 92A off Jalan Sungai Besi 57100 KUALA LUMPUR	Industrial land with warehouse & office / OWN USE	3,493 / 884	Leasehold - 42 years expiring in 2017 / 2	2,111,798	1997
Lot 50A, Section 92A off Jalan Sungai Besi 57100 KUALA LUMPUR	Industrial land with warehouse & office / OWN USE	4,919 / 3,257	Leasehold - 42 years expiring in 2017 / 17	1,775,767	1997

Recurrent Related Party Transactions Of A Revenue Or Trading Nature

At the Annual General Meeting held on 26 June 2008, the Company had obtained shareholders’ mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Group.

In accordance with paragraph 10.09(1)(b) of the Listing Requirements of Bursa Securities, the details of the recurrent related party transactions conducted during the financial year ended 31 December 2008 pursuant to the shareholders’ mandate are disclosed as follows:

(a) Recurrent Transactions involving trading in hardware, building materials and ironmongery products

CHRB Group	Nature of transactions	Aggregate value RM'000	Interested related parties
1. CHIM	Sales of steel bars and building materials to		
	I. AZSB	15,803	Dato’ Sri Haji Wan Zaki Muda is a director and has 100% direct and indirect interests in AZSB
	II. CHRB Selatan ¹	11,349	Dato’ Lim Khoon Heng, Dato’ Lim Loong Heng and Dato’ Lim Khoon Hock, being the directors of CHRB and deemed interested by virtue of its direct and indirect equity interest of these subsidiary companies
	III. CHRB Utara	9,333	
	IV. CHSRC	1,011	
	V. Keyline	3,250	
2. CHH	(a) Sales of structural steel, steel bar and other steel related products such as steel plated, beams, rectangular hollow section, square hollow section, lipped channel and flat bar to		
	I. AZSB	36	Dato’ Sri Haji Wan Zaki Muda is a director and has 100% direct and indirect interests in AZSB
	II. CHRB Selatan	196	Dato’ Lim Khoon Heng, Dato’ Lim Loong Heng and Dato’ Lim Khoon Hock, being the directors of CHRB and deemed interested by virtue of its direct and indirect equity interest of these subsidiary companies
	III. CHRB Utara	1,006	
	(b) Purchase of mild steel plated from ASP	5,862	Dato’ Lim Khoon Heng is a director and has 18% indirect interest in ASP
3. BMI	Sales of steel wire products to		
	I. CHRB Selatan	184	Dato’ Lim Khoon Heng, Dato’ Lim Loong Heng and Dato’ Lim Khoon Hock, being the directors of CHRB and deemed interested by virtue of its direct and indirect equity interest of these subsidiary companies
	II. CHRB Utara	4,096	
	III. CHIM	71,604	
	IV. CHH	1,075	
	V. CHRB Timuran	458	

Recurrent Related Party Transactions Of A Revenue Or Trading Nature (cont'd)

CHRB Group	Nature of transactions	Aggregate value RM'000	Interested related parties
4. CHM	Sales of steel bars and cements to CHRB BM	5,209	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Dato' Lim Khoon Hock, being the directors of CHRB and deemed interested by virtue of its direct and indirect equity interest of these subsidiary companies
5. Keyline	Sales of ironmongery products to		
	I. CHRB Utara	65	
	II. CHIM	768	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Dato' Lim Khoon Hock, being the directors of CHRB and deemed interested by virtue of its direct and indirect equity interest of these subsidiary companies

Notes:

Transaction 1
 CHIM and CHRB Selatan maintain different set of customers. Upon request by CHRB Selatan customers, it will purchase from CHRB Group of companies depending on availability of steel bars and building materials for trading purposes.

Abbreviations:

ASP	-	Anshin Steel Processor Sdn Bhd
AZSB	-	Ahmad Zaki Sdn Bhd
BMI	-	Bars & Mesh Industries Sdn Bhd
CHH	-	Chuan Huat Hardware (Sdn) Berhad
CHIM	-	Chuan Huat Industrial Marketing Sdn Bhd
CHM	-	Chuan Huat Metal Sdn Bhd
CHRB BM	-	CHRB Building Materials Sdn Bhd
CHRB Selatan	-	CHRB Selatan Sdn Bhd
CHRB Timuran	-	CHRB Timuran Sdn Bhd
CHRB Utara	-	CHRB Utara Sdn Bhd
CHSRC	-	CH Steel Recycle Centre Sdn Bhd
Keyline	-	Keyline Consulting Sdn Bhd

The shareholdings of the respective interested related parties as shown above are based on the information disclosed in the Circular to Shareholders dated 4 June 2008 in relation to the proposed shareholders’ mandate for recurrent related party transactions.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of Chuan Huat Resources Berhad will be held at Bukit Jalil Golf & Country Resort, Perdana 1 & 2, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 25 June 2009 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*
2. To approve the payment of a final dividend of 4 sen gross per ordinary share less income tax at 25% for the financial year ended 31 December 2008. *(Ordinary Resolution 2)*
3. To approve the payment of Directors' fees for the financial year ended 31 December 2008. *(Ordinary Resolution 3)*
4. To re-elect the following Directors retiring under the provisions of the Articles of Association of the Company:

- (i) Dato' Lim Khoon Heng *(Ordinary Resolution 4)*
 - (ii) Dato' Lim Loong Heng *(Ordinary Resolution 5)*
 - (iii) Dato' Sri Haji Wan Zaki bin Haji Wan Muda *(Ordinary Resolution 6)*
5. To re-appoint Messrs. Ong Boon Bah & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

As Special Business

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

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 ("THE ACT")** *(Ordinary Resolution 8)*

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, pursuant to Section 132D of the Act, the Directors be and are hereby authorised to issue and allot shares in the Company from time to time, upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
7. **PROPOSED SHAREHOLDERS' MANDATE FOR NEW AND EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** *(Ordinary Resolution 9)*

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company's subsidiaries to enter into recurrent transactions with the Related Parties of a revenue or trading nature as set out in Paragraph 3.2.2 of the Circular to shareholders dated 2 June 2009, which are necessary for its day-to-day operations and are in the ordinary course of business and are on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders of the Company for:
 - Recurrent related party transactions entered into by either of CHH, CHM, CHIM, CHRB Selatan, CHRB Utara, CHRB Timuran, CHRB BM and Keyline with one another; and
 - Recurrent related party transactions entered into by CHH with ASP.

AND THAT the approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which the ordinary resolution is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

(Ordinary Resolution 10)

"THAT subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company's subsidiaries to enter into recurrent transactions with the Related Parties of a revenue or trading nature as set out in Paragraph 3.2.2 of the Circular to Shareholders dated 2 June 2009, which are necessary for its day-to-day operations and are in the ordinary course of business and are on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders of the Company for:

- Recurrent related party transactions entered into by CHIM with AZSB

AND THAT the approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

9 To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifteenth Annual General Meeting to be held on 25 June 2009, a Final Dividend of 4 sen gross per ordinary share less income tax at 25% in respect of the financial year ended 31 December 2008, will be paid on 18 August 2009.

The entitlement date shall be fixed on 31 July 2009 and a Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m on 31 July 2009 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

TAY LEE SIANG (LS 00129)
PAN KOW BAH (LS 0008906)
Secretaries

Kuala Lumpur
2 June 2009

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney or an officer duly authorised.
2. Where a member of the Company is an authorised nominee as defined under the Central Depository Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member appoints more than one (1) proxy (subject to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. To be valid, this proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Lim Kim Chuan, Lot 50A, Section 92A, 3 ½ Miles, Off Jalan Sungai Besi, 57100 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Explanatory Notes To Special Business:

Ordinary Resolution 8

The proposed Ordinary Resolution under item 6 of the Agenda, if passed, will give power to the Directors of the Company to issue shares up to a maximum of ten percent (10%) of the issued share capital of the Company from the time being, for such purposes as the Directors consider would be in the best interest of the Company. This power, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.

Ordinary Resolutions 9 and 10

The proposed Ordinary Resolutions under items 7 and 8 of the Agenda, if passed, will allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day to day operations which shall expire at the next Annual General Meeting.

The class of related parties, the nature of the transactions, the rationale and the methods of determining the transaction prices with the related parties, are detailed out in the Circular to Shareholders dated 2 June 2009.

Statement Accompanying Notice of Annual General Meeting

The particulars of all Directors including those seeking re-election (Resolutions 4, 5 & 6) and their securities holdings in the Company and related corporations are contained in the Annual Report 2008.



Chuan Huat Resources Berhad
(Company No. 290729-W)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

	No. of ordinary shares
	CDS account no.

I/We _____

NRIC No./Passport No./Company No. _____

CDS Account No./Name of beneficial owner* _____

Of _____

being a member(s) of Chuan Huat Resources Berhad, hereby appoint _____

NRIC No./Passport No./Company No. _____

Of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Bukit Jalil Golf & Country Resort, Perdana 1 and 2, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 25 June 2009 at 10.00 a.m. and at every adjournment thereof.

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution No. 1	To adopt the Directors' and Auditors' Reports and Audited Financial Statements		
Ordinary Resolution No. 2	To approve final dividend		
Ordinary Resolution No. 3	To approve payment of Directors' fees		
Ordinary Resolution No. 4	To re-elect Director - Dato' Lim Khoon Heng		
Ordinary Resolution No. 5	To re-elect Director - Dato' Lim Loong Heng		
Ordinary Resolution No. 6	To re-elect Director - Dato' Sri Haji Wan Zaki bin Haji Wan Muda		
Ordinary Resolution No. 7	To re-appoint Messrs Ong Boon Bah & Co. as auditors		
Ordinary Resolution No. 8	Authority to issue and allot shares in general pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution No. 9	Proposed Shareholders' Mandate for • Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by either of CHH, CHM, CHIM, CHRB Selatan, CHRB Utara, CHRB Timuran, CHRB BM and Keyline with one another; and • Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHH with ASP		
Ordinary Resolution No. 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHIM with AZSB		

* To be completed by authorised nominees.

Please indicate with a "✓" in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit. However, if more than one proxy is appointed, please specify in the table below the number of shares represented by each proxy, failing which the appointment shall be invalid.

	Proportions of shares held
Name of proxy 1:	
Name of proxy 2:	
Total number of shares held	

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney or an officer duly authorised.
2. Where a member of the Company is an authorised nominee as defined under the Central Depository Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member appoints more than one (1) proxy (subject to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. To be valid, this proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Lim Kim Chuan, Lot 50A, Section 92A, 3 ½ Miles, Off Jalan Sungai Besi, 57100 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Signature(s) / Common Seal of Shareholder(s)

Dated this _____ day of _____, 2009.

(FRONT)

Please send me a copy of the **CHUAN HUAT RESOURCES BERHAD** Annual Report 2008.
Sila hantar satu salinan Laporan Tahunan 2008 **CHUAN HUAT RESOURCES BERHAD** kepada saya.

Name / Nama : _____

Address / Alamat : _____

NRIC No. / No. K.P. : _____

Company No. / No. Syarikat : _____

Signature of Shareholder / Tandatangan Pemegang Saham

ANNUAL REPORT 2008

The Annual Report 2008 is in a CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the verbal or written request.

The request must be directed to:

Chuan Huat Resources Berhad

Wisma Lim Kim Chuan
Lot 50A, Section 92A
3 ½ Miles, Off Jalan Sungai Besi
57100 Kuala Lumpur.

Contact person : Mr Simon Lee or Ms Carmen Chan
Telephone No. : 03-7983 3333
Facsimile No. : 03-7980 3333
E-mail : enquiries@chuanhuat.com.my


(BACK)


Affix
stamp
here


CHUAN HUAT RESOURCES BERHAD (290729-W)

WISMA LIM KIM CHUAN
LOT 50A, SEC 92A, 3 ½ MILES,
OFF JALAN SUNGAI BESI,
57100 KUALA LUMPUR,
MALAYSIA

Wisma Lim Kim Chuan, Lot 50A, Section 92A, 3¼ Off Jalan Sungai Besi, 57100 Kuala Lumpur

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