



HUNZA PROPERTIES BERHAD

461624-X



ALILA

Annual Report 2008
Together, we build a better tomorrow...

We do it RIGHT

Conducting business guided by our
RIGHT Core Values
will enable us to achieve our mission.

Corporate Mission

Hunza Properties Group of Companies being engaged in property related industries, is committed to prudent expansion within our areas of specialisation and expertise, and declare that it is our mission to

- excel in serving our chosen markets
- deliver high-quality and valued products to our customers
- care for the welfare of our employees
- serve the interest of our shareholders
- contribute to our society

Core Values

RELIABILITY

Hunza practises the highest ethical, social and legal standards in all business dealings. By being reliable, we achieve trust and respect.

INTEGRITY

Hunza emphasizes on integrity to build confidence and cement long term business partnerships and to be a responsible corporate citizen.

GREATNESS

We aspire to consistently achieve the highest level of quality in all our products and services and to be premier in our chosen business. We aim for greatness.

HUMAN DEVELOPMENT

Hunza values human resources as the key asset which contributes to the success of our business. We commit training and development, fair remuneration and equal opportunities.

TEAMWORK

Hunza works as a team to fulfill corporate and individual goals through shared vision, sound communication, mutual respect and trust.



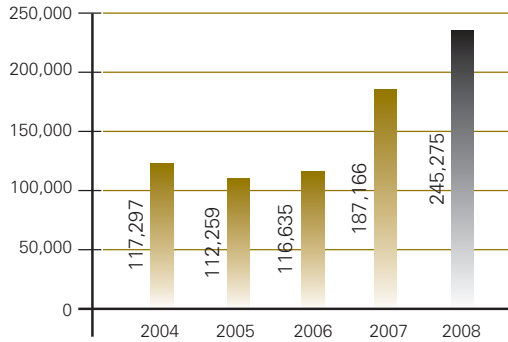
* ALILA - Facility

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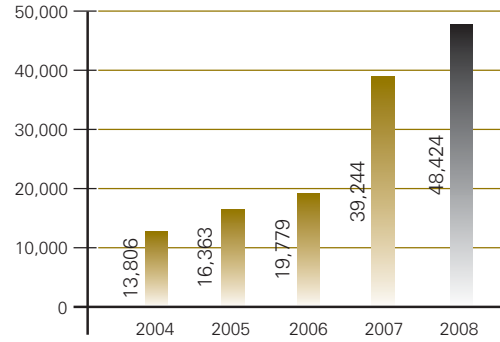
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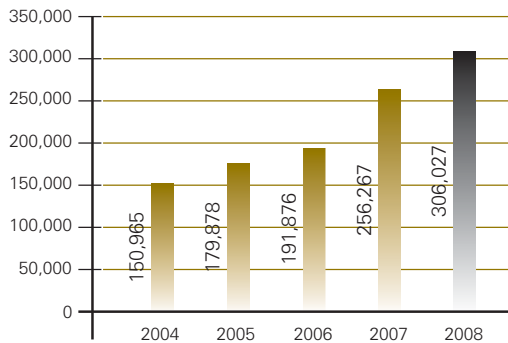
Group Financial Highlights



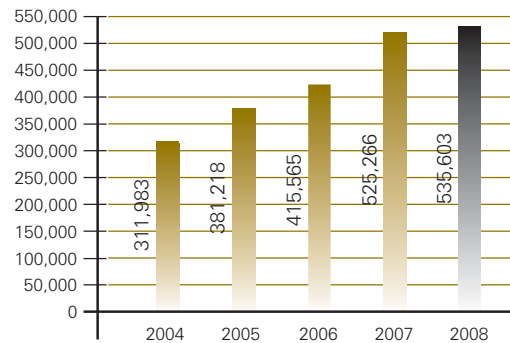
Revenue (RM '000)



Profit after Taxation & Minority Interest (RM '000)



Shareholders' Equity (RM '000)



Total Assets (RM '000)

	2004	2005	2006	2007	2008
Dividend paid per share	RM0.075 *	RM0.075 *	RM0.075 *	RM0.125 *	RM0.092 ^
Issued and paid-up share capital ~	103,843,100	114,721,400	113,676,000	135,234,156	145,820,824

Notes :

* Being gross dividend paid.

^ Being first interim single-tier exempt dividend of RM0.037 per share of RM1.00 each and proposed final single-tier exempt dividend of RM0.055 per share of RM1.00 each which in total is equivalent to the net amount paid out in 2007.

~ The increase in 2005 was due to exercise of ESOS by the employees of the Group as well as private placement undertaken by the Company whilst the decrease in 2006 was mainly due to share buy-back during the financial year. In year 2007 & 2008, conversion of warrants contributed to increase in the issued and paid - up share capital.



Corporate Information

BOARD OF DIRECTORS

Executive Chairman	Dato' Khor Teng Tong
Managing Director	Ooi Lay See
Executive Director	Khor San Leng
Director	Chew Hock Lin
Director	Datuk Zubir Bin Haji Ali
Director	Ong Lye Seng

COMPANY SECRETARY Tan Choong Khiang (MAICSA 7018448)

AUDITORS KPMG
Chartered Accountants
1st Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang

REGISTERED OFFICE Suite12-02, 12th Floor, Menara MAA, 170 Jalan Argyll , 10050 Penang
Tel : 04-2296318 Fax : 04-2692386

PRINCIPAL BANKERS OCBC Bank (Malaysia) Berhad
Menara OCBC, 18 Jalan Tun Perak, 50050 Kuala Lumpur

CIMB Bank Berhad
Menara BHL, 51 Jalan Sultan Ahmad Shah, 10050 Penang

REGISTRAR Bina Management (M) Sdn. Bhd. (50164-V)
Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-77843922 Fax : 03-77841988

STOCK EXCHANGE LISTING Bursa Malaysia Securities Berhad, Main Board

SHARE CAPITAL Authorised : RM500,000,000.00
Issued and Paid-Up : RM145,385,024 *
* Exclusive of 1,942,000 treasury shares
(Record of Depositors as at October 13, 2008)

* Gurney Paragon - Night View

Chairman's Statement



Greetings. What a year it has been. Just when financial news were trumpeting that economic boom-bust cycles have been tamed, that central banks have mastered the art of managing the economy to ensure perpetual growth, and all these reflected in historic highs for everything from shares, commodities, bonuses and even a cup of kopi-oh, crash, bang. And everything falls down.

At the time of writing this, governments worldwide have announced massive financial support and aid, to the extent of nationalization of financial institutions. Already forecasts of a muted worldwide economic growth, distinctly opposed to the above trend growth in the immediate past, is the prediction by many for the near future. Our nearest neighbour to the south is now in a technical recession.

Operations Review

Our Hunza continue to record a set of sterling results. Highest ever net profits of RM 48+million, highest ever total shareholders' fund of RM 300+million. Our ROE (return on equity) remains strong. Our gearing ratio, net cash, is about 25%, a very healthy level.

To reflect our strong results, and to reward our shareholders, we have paid out an interim dividend in July. Your Board has proposed a final dividend, which upon your approval at our forthcoming AGM, will be paid in January 2009.

We attribute this strong showing to the on-going projects (Gurney Paragon and Infinity), as well as Alila and Mutiara Seputeh (2 projects completed or near completion) which cater to the higher end and foreign purchasers. But no matter which segment of the market that we are working on at any particular juncture, all our products deliver value to the end-buyers.

We must know the industry well; for example, in the past year, it is by design that we have launched our high-end projects, rather than say, average, mid-range projects. Not only this, but our projects are also designed with foreign purchasers in mind.

To follow this analysis a bit deeper; sebelum kita boleh mencapai keputusan yang memuaskan marketing to warga asing, kita mesti mengenal pasti apakah keperluan mereka. We must also know in which countries such demand is coming from, and more importantly, how to reach them. We have these capabilities, because we have been cultivating and learning this aspect for quite some time now. I recall writing on marketing to foreign markets back in my 2005 statement.

But in spite of these positives, we must acknowledge that the market rout has not spared our Hunza. Our share price too was at a historic high not too long ago, and alas it too has come down a fair bit. In the next 2 years or so, which will be difficult times, we shall see "in strong winds, which trees have deep roots, and in long distances, which horse is stronger and has more stamina" as the Chinese proverb says "路遥知马力"、"疾风知劲草". I am of the opinion that our Hunza is deep-rooted and strong, and will seize opportunities that surfaces during trying times.

To this end, we remain constantly engaging the investment community. We have our twice yearly roadshows (upon announcements of mid and year-end results), make road trips to meet fund managers overseas, participate in Bursa's research scheme, hosts visits by analysts, fund managers and investors. This will help ensure that when the markets come back, as they surely will, Hunza is well poised to derive optimum benefits.

Doing Our Part for Society

We must continue to do our part to assist those less fortunate, to contribute to our society. Our Hunza made numerous gifts, one of which is a RM 1million donation to Penang Han Chiang Associated Chinese Schools Association Development Fund. Everyone acknowledges the importance of education, more so when we as a nation continue to climb up the economic ladder. We do our part to ensure education continues to be readily available to all.

Going Forward

As noted in our most recent quarterly reports, property sales have slowed down due to depressed global economic outlook, as well as uncertainty in national environment. We maintain our view that strong growth will only re-emerge when the global and local uncertainties are addressed; we believe that the concerted efforts by central bankers of the biggest economies present a good foundation to bring back confidence. Granted, it will be a long and hard process.

In the meantime, we continue to do what we have always done best; work hard and smart.

For example, we will only begin physical construction of the mall component of Gurney Paragon project when prices for building materials come down to saner levels. We are on the look-out to acquire land; already offers to sell land at reasonable prices are surfacing.

You may have read about the approval by the Securities Commission to our application to extend our Proposed renounceable rights issue, together with free detachable 5-year warrants. CIMB are advising us, and you can follow developments on this subject matter in our public announcements.

As mentioned earlier, our gearing ratio is at a very manageable level. This enables us to tap bank loans to fund opportunities.

AGM, terima kasih

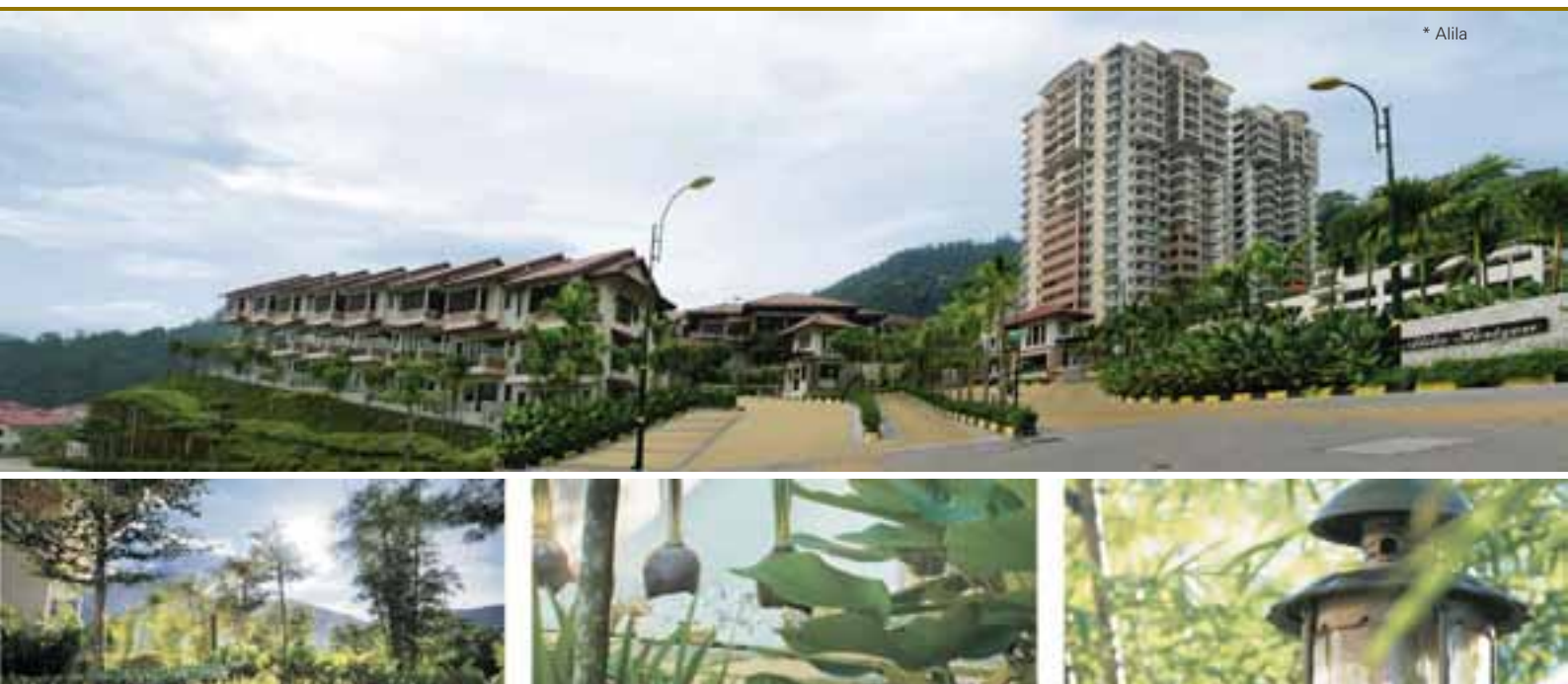
As usual, saya mengakhiri dengan mengucapkan terima kasih kepada semua who have played their part in Hunza's well being and growth.

We had a decent turnout at last year's AGM. I trust we will have a bigger "family" gathering this year. See you then.

Dato' Khor Teng Tong

Executive Chairman

* Alila



Corporate Calendar 2008

JULY 3, 2007

OPENING OF HUNZA SALES GALLERY



The Hunza Sales Gallery located at Hunza Properties' Gurney Paragon site was officially opened today.



Associates, consultants and business partners were invited to the event as well as to view the newly set-up Gurney Sales Office.

OCTOBER 27 – 28, 2007

PROPERTY EXHIBITION IN SINGAPORE



Hunza Properties held an exhibition in Singapore to promote its Gurney Paragon and Infinity projects. The response to the exhibition was overwhelming with sales closed at more than RM50million.

SEPTEMBER 2007 & FEBRUARY 2008 AND THROUGHOUT THE YEAR

INVESTORS' RELATIONS PROGRAMME

As in prior years, Hunza Properties organized roadshows as part of its investors' relation programme. Analysts Briefings are held

twice a year for the half yearly results and year end results in both Penang and Kuala Lumpur. Hunza Properties also met up with representatives from various research houses (local and overseas) on request basis. Trips to Singapore, United Kingdom and Holland were also made, to call upon fund managers, investors and analysts.



Photo courtesy from Securities Investors Association Singapore (SIAS)

SEPTEMBER 22, 2007

HAWKERS' NITE

Henry Butcher arranged for potential customers from neighbouring countries who were here to visit the Star Property Fair to view our Gurney Paragon. Hunza Properties held a dinner featuring famous local cuisine to welcome the guests.



OCTOBER 6, 2007

PRIVATE PREMIER WITH BERNARD CHANDRAN

Hunza Properties, CIMB Bank and Elegance Club got together to co-host an exclusive private preview in the premises of Gurney Paragon. Admission via exclusive invitation only, the private preview featured elegant designs from Dato' Bernard Chandran complemented by the latest collection of jewelry from Elegance Club. Dato' Bernard Chandran, is a renowned fashion designer who has previously won many international awards including the most recent - the

Martell Elite Of The Year 2007 Award. The atmosphere for this afternoon-tea event was definitely electrifying, with heightened tension of expectation, of something wonderful, hot, up-market happening in Penang.



SEPTEMBER 25, 2007

EXCLUSIVE PREVIEW OF GURNEY PARAGON

Business associates and consultants of Hunza Properties were invited to an exclusive preview of the newly set-up Gurney Paragon Show Suites. Two show units were set-up at the Hunza Sales Gallery for marketing purpose.



OCTOBER 2007

CMDF-BURSA RESEARCH SCHEME PART II



Hunza Properties continued its participation in the CBRS Scheme administered by Bursa Malaysia Berhad. The CBRS Scheme Part II appointed 2 research houses namely Standard & Poor's Malaysia Sdn. Bhd. and M&A Securities Sdn. Bhd. to conduct research on Hunza Properties for a period of 2 years commencing October 2007.

APRIL 18, 2008

ALILA HORIZON KEYS PRESENTATION CEREMONY

The issuance of the Vacant Possession certificate for the high rise condominium is indeed a joyous moment to the proud home owners of Alila Horizon. To celebrate this occasion, the team in HPB Group organized a Hand-Over of Keys Ceremony, followed by dinner under the stars. It gives us great honour to have Yang Berhormat Tuan Chow Kon Yeow, the State Local Government, Traffic Management and Environment Committee Chairman to officiate the ceremony.



JANUARY 12 – 14, 2008

PROPERTY SHOWCASE IN HONG KONG



The marketing team ventured to Hong Kong to promote Infinity project. The project received very good response from visitors of the showcase.



APRIL 23, 2008

PENANG SHANGHAI WORLD STAR QUEST

Talented singers from all over the world were in Penang to participate in the Penang-Shanghai World Star Quest organized by Shanghai Asian Music Culture & Arts Co. Ltd and Nivo Entertainment and Reach Marketing. Hunza Properties held a welcome dinner at Hunza Sales Gallery for the participants.



JANUARY 26, 2008

BRABUS GALA NIGHT

Brabus unveiled its latest marquee range of cars at Hunza Sales Gallery.



April 25 – 27, 2008

PROPERTY SHOWCASE IN LONDON

A property showcase was held in London to feature Hunza Properties' high-end projects namely Gurney Paragon and Infinity. Hunza Properties' marketing team all the way from this tropical land was certainly a "hot" favourite among the visitors of the expo.



Board Of Directors

DATO' KHOR TENG TONG Executive Chairman

DATO' KHOR TENG TONG, age 65, a Malaysian, is the founder and Director of Hunza Properties Berhad ("HPB"). Dato' Khor was appointed to the Board of Directors as Non-Independent and Non-Executive Chairman of HPB on January 27, 2000. On August 30, 2002, he was further appointed as Executive Chairman to the Board as well as a member of the Remuneration Committee.

Dato' Khor has over 48 years of vast experience. He completed his primary school education at Yew Chai Primary School, Perak before starting his business career in 1958 as a sole proprietor in fish trading for at least 12 years under the name of Syarikat Soon Seng Fisheries. In the early 1970s, he established Soon Seng Frozen Foods Sdn Bhd (now known as Golden Frontier Berhad, a company listed on Bursa Securities, Second Board) to start the business in processing and exporting of frozen cooked and peeled shrimps. He maintained his substantial shareholdings in Golden Frontier Berhad until prior to its listing in 1989. In the mid 1970s, Dato' Khor undertook a business diversification programme. He was involved in the business projects of the first cocoa processing plant in Malaysia, oil palm plantation, supermarket chains and then in property development. During the mid 1980s, Malaysia faced its first serious recession and this affected Dato' Khor's diversification plans. He decided to dispose off those unprofitable businesses.

He then set-up Hunza Group of Companies ("Hunza Group") which comprises two major holding companies, i.e. Hunza Consolidation Berhad ("HCB") and HPB. He was appointed as the Executive Chairman of HCB which has been listed on the Second Board of Bursa Malaysia Securities Berhad since 1997. HCB's primary business activities upon its listing were manufacturing of corrugated paperboard & cartons and exporting of frozen seafood. In December 17, 2004, he was re-designated from Executive Chairman to Non-Executive Director in HCB upon the disposal of all his shareholdings in HCB at that juncture. With the disposal, Dato' Khor has since then focused on HPB. Dato' Khor was the President of FIABCI Malaysia – Penang Branch for year 2006/08. He was re-elected for the presidential post for year 2008/10. He is also the immediate past President of Penang Chinese Chamber for year 2006/08.

Dato' Khor does not have any conflict of interest with the Company and is not related to any director of the Company, except his daughter, Ms Khor San Leng who is a director and shareholder of the Company. He has both direct and indirect interest in the Company via certain major shareholders of HPB as reported under "Analysis of Shareholdings" in this issue of Annual Report. He attended all five Board Meetings held in the financial year.

OOI LAY SEE Managing Director

OOI LAY SEE, age 48, a Malaysian, has been in property development business for more than 23 years. She was appointed to the Board of Directors as the Managing Director of HPB on January 27, 2000.

After completing her Higher School Certificate ("HSC") in 1980, she joined her family's sawmill business. Her initial involvement in the housing industry was in 1984 when she joined Mandin Garden Sendirian Berhad, an investment holding company which is a corporate shareholder of HPB Group, as a Personal Assistant to the Managing Director. In 1985, she was promoted to be the Property Manager and in that position, was instrumental in helping the company to overcome difficulties during the economic recession in the mid 1980s. In 1988, Ms Ooi was promoted to be an Executive Director of Hunza Holdings Sdn. Bhd., an investment holding company, in charge of planning and management. In 1993, she headed the Group's property development division and in recognition of her proven ability in the property development business, Ms Ooi was appointed Managing Director of the HPB Group in 1998 to lead the Group into the new millennium.

Through the years, she has gained wide experience in dealing with government officers, consultants, contractors, bankers and property buyers, including purchasers from overseas. To complement her practical knowledge, she takes part in short-courses in management, seminars, conventions and exhibitions including those held overseas. In 2001, she completed an Executive Programme known as the General Management Programme organised by Wharton (The Wharton School, University of Pennsylvania)-Singapore Management University.

Ms Ooi does not have any conflict of interest with the Company and is not related to any director or major shareholder of the Company. She attended all five Board Meetings held in the financial year.

KHOR SAN LENG Non-Independent Executive Director

KHOR SAN LENG, age 35, a Malaysian, was appointed to the Board of Directors as a Non-Executive Director of HPB on October 29, 2002. On August 26, 2005, she was re-designated as an Executive Director of HPB.

She graduated from University of South Alabama in United States of America with a Bachelor Degree in Finance in 2002. She served in the Corporate Planning Department of Hunza Consolidation Berhad from 1996 to 2005. Currently, she also sits on the boards of other private companies.

She does not have any conflict of interest with the Company and she is the daughter of Dato' Khor Teng Tong, the Executive Chairman of the Company. She attended four out of five Board Meetings held in the financial year.

DATUK ZUBIR BIN HAJI ALI Independent Non-Executive Director

DATUK ZUBIR BIN HAJI ALI, age 73, a Malaysian, was appointed to the Board of Directors as an Independent Non-Executive Director of HPB on January 27, 2000 and on August 30, 2002, he was appointed as a member of the Nomination Committee. He was also subsequently appointed as a member of the Audit Committee on November 1, 2007.

He obtained his early education at The Anglo-Chinese School in his home-town Teluk Intan, Perak and obtained the Cambridge School Certificate in 1954. He joined The Royal Malaysian Police as an Inspector in 1957. In his long and successful career with the police, he had served in many varied capacities both in The Field Force and General Duties as well as with The Police College as a Director of Staff. His final posting was as Deputy Director, Internal Security and Public Order at Bukit Aman from 1989 to 1990, before he was seconded to Istana Negara as The Grand Chamberlain in 1990. He retired from the police force in August 1990 and continued serving Istana Negara as Grand Chamberlain until August 2002.

While serving the police, he attended several courses and in 1987, he was privileged to attend the Wolfson Course at University of Cambridge, United Kingdom.

He sits on the Board of another public listed company - Super Enterprise Holdings Berhad. He does not have any conflict of interest with the Company and is not related to any director or major shareholder of the Company. He attended all five Board Meetings held in the financial year.

CHEW HOCK LIN

Independent Non-Executive Director

CHEW HOCK LIN, age 64, a Malaysian, was appointed as an Independent Non-Executive Director and Audit Committee Member of HPB on December 27, 2001. He was subsequently appointed as Chairman of the Audit Committee and a member of Nomination and Remuneration Committee on July 25, 2002.

He graduated from University of Western Australia with a Bachelor in Commerce degree and has more than 30 years in audit field. He is a former partner of an international audit firm. Currently, he is a member of the Institute of Chartered Accountants in Australia. He is also a Certified Public Accountant, a Chartered Accountant and a Fellow of Taxation Institute Malaysia.

He also sits on the Board of the other two public listed companies, namely Hunza Consolidation Berhad and GUH Holdings Berhad. He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

ONG LYE SENG

Independent Non-Executive Director

ONG LYE SENG, age 56, a Malaysian, was appointed as an Independent Non-Executive Director of HPB on December 17, 1998 and Audit Committee Member of HPB on January 28, 2000. He was appointed as a member of Nomination and Remuneration Committee on December 3, 2001.

He obtained his Bachelor degree as well as Master degree in Civil Engineering from University of Canterbury, New Zealand in 1976 and 1977 respectively. He started his career in 1978 upon his return to Malaysia, with several local construction companies. In 2005, he joined a company in Shanghai as a Project Manager supervising an integrated development of 4 million sq. ft. Currently he is still working in China. Over his 20+ years experience in the construction industry, he was involved in various types of projects, such as the 65 storey Komtar Office Tower, five star hotel, condominiums, office and retail mixed development as well as building of two Multi-National Companies' factories in Penang's Free Industrial Zone. He has been a member of the Institute of Engineers in Malaysia since 1985 and a member of the Professional Board of Engineers in Malaysia since 1986.

He does not have any conflict of interest with the Company and is not related to any director or major shareholder of the Company. He attended all five Board Meetings held in the financial year.



Note : Datuk Zubir Bin Haji Ali has not committed any offences within the past ten years. All other Directors have not committed any offences within the past 10 years other than traffic offences.

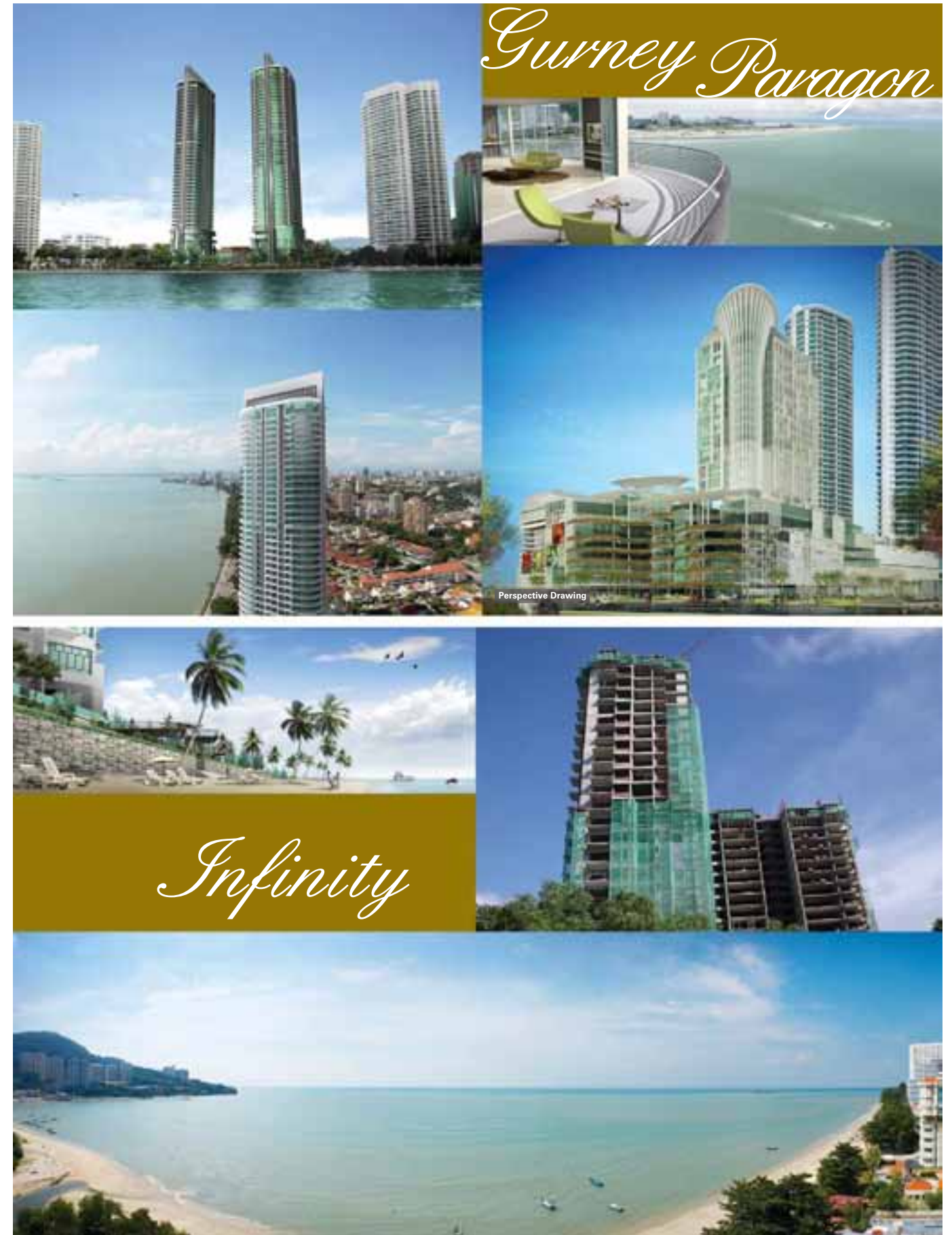
from left to right

DATUK ZUBIR BIN HAJI ALI, CHEW HOCK LIN, OOI LAY SEE, DATO' KHOR TENG TONG, KHOR SAN LENG & ONG LYE SENG

Completed Projects



On - Going Projects



Corporate Social Responsibilities 2008

CONSERVATION OF ST JOSEPH'S NOVITIATE



Gurney Paragon is the hallmark project of Hunza Properties Berhad. In this project, the St. Joseph's Novitiate will be conserved and incorporated as part of the development. For this purpose, Hunza Properties had appointed Built Heritage and Associate Professor Dr. A Ghafar Ahmad (USM) to advice on the conservation works. The preliminary conservation works, such as conducting dilapidation survey, securing stained glass roundels and panels at Chapel; and underpinning works has since started. Over RM10 million has been set aside for this purpose.

BEAUTIFICATION OF RIVERBANK



Infinity project is located next to Sungai Kelian in Tanjung Bungah, Penang. As approved by the authorities, the project will landscape and maintain the cleanliness of the part of this riverbank next to the project. This will not only benefit future residents of Infinity but as well as those in the surrounding area.

SINGLE PARENT CHARITY PROGRAMME JULY 1, 2007



The Single Parent Charity Programme was initiated to assist single parents in Penang. Under this programme, RM100/- per month in the form of shopping vouchers was distributed to 100 single parent families for a duration of 20 months effective March 2007 to October 2008. Home visits were also conducted to those under the programme for purpose of fostering better relationship with the single parent families.

Corporate Social Responsibilities 2008 (Cont'd)

CHRISTMAS TEA FOR CHARISE HOSPICE PATIENTS & FAMILY

DECEMBER 12, 2007



The Christmas Tea function which was held at Hunza Sales Gallery was organized by Charise Hospice for purpose of a Christmas get-together amongst the patients and staff of Charise Hospice. Hunza Properties contributed by sponsoring the venue, food and goody bags. Charise Hospice is a non-profit organization offering free palliative home care services to cancer patients in Penang, irrespective of race & religion. To make the event more meaningful, impromptu contributions were made and Charise Hospice received approximately RM5,600/- (including some profit from charity sale) during the evening event.

PENANG HAN CHIANG ASSOCIATED CHINESE SCHOOL ASSOCIATION DEVELOPMENT FUND

APRIL 15, 2008

A total of RM1,000,000/- was contributed to the building fund of Penang Han Chiang Associated Chinese School Association Development Fund.

VARIOUS CONTRIBUTIONS

JULY 1, 2007 – JUNE 30, 2008

Hunza Properties Berhad had also made contributions to various other organizations for purposes namely educations, fire victims, sports, religion and general welfare. All contributions were made with the objective of promoting to the welfare of the society as spelled out under Hunza Properties' Corporate Mission #5. Total contributions made to these organizations amounts to approximately RM380,000/- for the financial year ended 2008.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Hunza Sales Gallery, 163 Gurney Drive (fronting Kelawai Road), 10250 Penang on Thursday, December 11, 2008 at 11.30 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the year ended June 30, 2008 together with the reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a final single tier exempt dividend of RM0.055 per share for the year ended June 30, 2008. (Resolution 2)
3. To approve an increase of Directors' fees from RM153,000.00 to RM177,000.00 and the payment of such fees to the Directors of the Company for the year ended June 30, 2008. (Resolution 3)
4. To re-appoint Datuk Zubir Bin Haji Ali, a Director retiring under Section 129 of the Companies Act, 1965. (Resolution 4)
5. To re-elect Dato' Khor Teng Tong, a Director retiring under the provision of Article 81 of the Articles of Association of the Company. (Resolution 5)
6. To re-elect Ms. Ooi Lay See, a Director retiring under the provision of Article 81 of the Articles of Association of the Company. (Resolution 6)
7. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 7)
8. AS SPECIAL BUSINESS

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

Ordinary Resolution

a) Authority to Issue Shares

"THAT pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and are hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities." (Resolution 8)

Ordinary Resolution

b) Proposed Renewal of Share Buy-Back Authority

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten per centum (10%) of its issued and paid-up share capital and the ten per centum (10%) shall always take into account any shares bought back and retained as treasury shares and that amount allocated by the Company for the Proposed Share Buy-Back is backed by an equivalent amount of audited retained profits and /or share premium of the Company as at June 30, 2008 amounting to RM9,002,000 and RM31,084,000 respectively. Upon purchase by the Company of its own shares, the purchased shares will be cancelled or retained as treasury shares or both and/or dealt with in accordance with the relevant prevailing statutory provisions and guidelines.

THAT the Directors be and are hereby empowered to do all acts and things to give effect to the Proposed Share Buy-Back and to be dealt with in accordance with the Listing Requirements of Bursa Securities and Companies Act, 1965.

THAT such authority shall commence immediately upon passing of this resolution until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held or revoked or varied by ordinary resolution passed by shareholders in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date." (Resolution 9)

Notice Of Annual General Meeting (Cont'd)

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

By Order of the Board,

TAN CHOONG KHIANG
(MAICSA 7018448)
Secretary

Penang

Date : November 19, 2008

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
2. For a proxy to be valid, the duly completed Proxy Form must be deposited at the registered office of the Company at Suite 12-02, 12th Floor, Menara MAA, 170, Jalan Argyll, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Directors Standing for Re-election/ Re-appointment:

The particulars of Directors standing for re-election/ re-appointment pursuant to paragraph 8.28(2) of Listing Requirements of Bursa Malaysia Securities Berhad are reported under "Board of Directors" and "Statement Accompanying Notice of Annual General Meeting" in this issue of Annual Report.

Explanatory Notes on Special Business:

Resolution 8 – Resolution pursuant to the Authority to Issue Shares

The proposed Resolution 8, if passed, will empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

Resolution 9 – Proposed Renewal of Share Buy-Back Authority

The Proposed Resolution 9, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that a final single tier exempt dividend of RM0.055 per share for the year ended June 30, 2008, if approved, will be paid on January 14, 2009 to depositors registered in the Record of Depositors on December 31, 2008.

A Depositor shall qualify for entitlement to the Dividend in respect of: -

- a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on December 31, 2008 in respect of transfers;
- b) shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board,

TAN CHOONG KHIANG
(MAICSA 7018448)
Secretary

Penang

Date: November 19, 2008

Statement Accompanying Notice Of Annual General Meeting

List of directors standing for re-appointment/re-election at the Eleventh Annual General Meeting of the Company to be held at Hunza Sales Gallery, 163 Gurney Drive (fronting Kelawai Road), 10250 Penang on Thursday, December 11, 2008 at 11.30am.

- Dato' Khor Teng Tong
- Ooi Lay See
- Datuk Zubir Bin Haji Ali

Details of attendance at Board Meetings held during the financial year ended June 30, 2008

Name	No. of Meetings attended
• Dato' Khor Teng Tong	5/5
• Ooi Lay See	5/5
• Khor San Leng	4/5
• Chew Hock Lin	5/5
• Datuk Zubir Bin Haji Ali	5/5
• Ong Lye Seng	5/5

Notes :

1. All other information of the directors standing for re-appointment/re-election as required to be disclosed under the provision of Paragraph 8.28(2) of the Bursa Securities Listing Requirements, is reported under "Board of Directors" in this issue of Annual Report.
2. Shareholdings of the directors standing for re-appointment/ re-election in Hunza Properties Berhad and its subsidiaries as required to be disclosed under the provision of Paragraph 8.28(2) of the Bursa Securities Listing Requirements, is reported under "Analysis of Shareholdings" in this issue of Annual Report.

Statement Of Proposed Renewal Of Authority For Hunza Properties Berhad To Purchase Its Own Shares

1. INTRODUCTION

1.1 Renewal Of Authority For Hunza Properties Berhad (“HPB” or “the Company”) To Purchase Its Own Shares

At the Company’s Annual General Meeting (“AGM”) held on December 12, 2007, the Board of Directors had obtained shareholders’ approval for the Directors to purchase shares on Bursa Malaysia Securities Berhad (“Bursa Securities”) not exceeding ten per centum (10%) of issued and fully paid-up share capital of the Company.

The authority obtained by the Board of Directors for purchasing the Company’s own shares in accordance with Bursa Securities’ Listing Requirements governing share buy-back by listed companies, lapses at the conclusion on the forthcoming Annual General Meeting (“AGM”) unless a new mandate is obtained from shareholders to authorise the Directors of the Company to purchase its own shares.

It is the intention of HPB to renew the authority to purchase its own shares in the aggregate up to ten per centum (10%) of its issued and paid-up share capital and the ten per centum (10%) shall always take into account any shares bought back and retained as treasury shares in accordance with Section 67A of the Companies Act, 1965 (“the Act”) and the requirements of Bursa Securities and/or any other relevant authority (“Proposed Share Buy-Back” or “the proposal”). Consequently, on August 20, 2008, the Company announced that the Board of Directors proposes to seek a fresh mandate from the shareholders for the Company to purchase its own shares on Bursa Securities through its appointed stockbroker previously approved by Bursa Securities. Such authority, if so approved, commences immediately upon obtaining the shareholders’ approval in this forthcoming AGM until the conclusion of the next AGM (“Proposed Authorised Period”). As at October 13, 2008, the issued and paid up share capital of the Company is RM147,327,024 comprising 147,327,024 ordinary shares of RM1.00 each which is inclusive of 1,942,000 treasury shares held by the Company.

1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Share Buy-Back and to seek your approval for the ordinary resolution which is to give effect to the Proposed Share Buy-Back to be tabled at the forthcoming AGM. A notice of the AGM together with the Form of Proxy are set out in pages 15, 16 and 91 respectively.

2. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY FOR HPB TO PURCHASE ITS OWN SHARES

The Directors of the Company are of the opinion that empowering the Company to undertake the Proposed Share Buy-Back is in the best interest of the Company. The Proposed Share Buy-Back is expected to have the effect of stabilising the supply and demand as well as the price of the shares of the Company on Bursa Securities which may in turn have a favourable impact on the share price of the Company.

3. EVALUATION OF THE PROPOSED RENEWAL OF AUTHORITY FOR HPB TO PURCHASE ITS OWN SHARES

3.1 Advantages

The potential advantages of the Proposed Share Buy-Back are as follows:-

- allows the Company to take preventive measures against excessive speculation, in particular when the Company’s shares are undervalued;
- allows the Company more flexibility in fine-tuning its capital structure;
- the resultant reduction of share capital base (see para 5.1) is expected to improve the earnings per share and may strengthen the net assets of the remaining shares as well as the probability of declaring a higher quantum of dividend in future;
- to stabilise a downward trend of the market price of the Company’s shares;
- treasury shares can be treated as long term investments. It makes business sense to invest in our own Company as the Board of Directors is confident of HPB’s future prospects and performance in the long term;
- resale of treasury shares at prices higher than the purchase prices when the market price picks up will be realised and as a result increase the working capital and net assets of the Company; and
- in the event that the treasury shares are distributed as dividend by the Company, it may then serve to reward the shareholders of the Company.

Statement Of Proposed Renewal Of Authority For Hunza Properties Berhad To Purchase Its Own Shares (Cont'd)

3. EVALUATION OF THE PROPOSED RENEWAL OF AUTHORITY FOR HPB TO PURCHASE ITS OWN SHARES (cont'd)

3.2 Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

- the purchases can only be made out of distributable reserves, resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders; and
- the purchases of existing shares involve cash outflow from the Company which may otherwise be retained in the business to generate further profits.

4. PARTICULARS OF THE PROPOSED RENEWAL OF AUTHORITY FOR HPB TO PURCHASE ITS OWN SHARES

Funding

The Proposed Share Buy-Back will allow the Directors to purchase HPB's shares at any time within the Proposed Authorised Period. The proposed purchase by the Company of its own shares must be made wholly out of its retained profits and/or the share premium account. There are no restrictions on the types of funds which can be utilised so long as the buy-back is backed by an equivalent amount of retained profits and/or the share premium. Based on the audited financial statements as at June 30, 2008, the Company's retained profits and share premium are RM9,002,000 and RM31,084,000 respectively.

The Proposed Share Buy-Back shall be financed from internally generated funds and/or bank borrowings. The amount of bank borrowings to be used for the Proposed Share Buy-Back would depend on the prevailing interest rates and the repayment capabilities.

Upon purchase by the Company of its own shares, the purchased shares will be cancelled or retained as treasury shares or both and/or dealt with in accordance with the relevant prevailing statutory provisions and guidelines.

5. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR HPB TO PURCHASE ITS OWN SHARES

5.1 Share Capital

- a) If the proposed "buy-back" shares are cancelled, the issued and fully-paid up share capital of HPB as at October 13, 2008 would have been reduced from RM147,327,024 comprising 147,327,024* ordinary shares of RM1.00 each to RM132,594,322 comprising 132,594,322** ordinary shares of RM1.00 each, as follows:-

← Ordinary shares of RM1.00 each →				
			(after cancellation of shares)	
Issued & paid-up capital	Capital redemption reserve	Proposed Share Buy-Back	Issued & paid-up capital	Capital redemption reserve
147,327,024	1,942,000	12,790,702*	132,594,322 **	14,732,702

* being 147,327,024 x 10% - 1,942,000; 1,942,000 being the cumulated actual number of shares bought back and held as treasury shares as at October 13, 2008. See para 6.3. The assumption here is that such shares are cancelled and that the necessary capital redemption reserve is set up. RM147,327,024 is the paid-up share capital prior to the Proposed Share Buy-Back.

** being 147,327,024 less 12,790,702 less 1,942,000

- b) If the proposed "buy-back" shares are retained as treasury shares, the issued and fully-paid up capital will be as follows :-

← Ordinary shares of RM1.00 each →		
Issued and paid-up capital	Proposed Share Buy-Back	Issued and paid-up capital
147,327,024*	12,790,702	147,327,024**~

(However, the above needs to be further explained by the following note)

* Of the total 147,327,024 issued and fully paid ordinary shares, 1,942,000 are held as treasury shares by HPB. As at October 13, 2008, the number of outstanding shares in issue and fully paid is 145,385,024 (147,327,024 less 1,942,000) ordinary shares of RM1.00 each.

**~ Whilst the 147,327,024 ordinary shares are assumed to be bought back and retained as treasury shares, however, accounting literature deems them to be "derecognized". Hence, for accounting purposes, the outstanding shares in issue and fully paid as at October 13, 2008 is 132,594,322 (147,327,024 less 12,790,702 less 1,942,000) ordinary shares of RM1 each.

Statement Of Proposed Renewal Of Authority For Hunza Properties Berhad To Purchase Its Own Shares (Cont'd)

5. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR HPB TO PURCHASE ITS OWN SHARES (cont'd)

5.1 Share Capital (cont'd)

Section 67A (3C) of the Act states that the rights of the treasury shares as to the voting, dividends and participation in distribution shall be suspended and that the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares of a company for any purpose.

5.2 Net Assets ("NA")

The Proposed Share Buy-Back is likely to reduce the NA per share of the Company and the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase and will increase the NA per share of the Group if the purchase price is less than the audited NA per share of the Group at the time of purchase.

For shares bought back which are kept as treasury shares, upon resale of such shares, the NA of the Group will increase assuming that a gain has been realised. The quantum of the increase in NA will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.3 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the HPB Group, the quantum of which is dependent on actual number of shares bought back and actual purchase prices of the HPB's shares. However, in the opinion of the Directors, the Proposed Share Buy-Back whether cancelled or kept as treasury shares is not expected to have a significant effect on the working capital of the Company.

5.4 Earnings

The effect of the Proposed Share Buy-Back on the earnings of the Group will depend on the actual purchase prices of HPB shares, the number of shares purchased and the effective funding cost of the purchases. Generally, a lesser share capital subsequent to the cancellation of the shares bought-back or either kept as treasury shares will have a positive impact, all else being equal, on the Group's Earnings Per Share ("EPS").

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR HPB TO PURCHASE ITS OWN SHARES

6.1 Public Shareholding Spread

HPB's public shareholding spread as at October 13, 2008 being the latest practicable date is approximately 32.84%.

Assuming that the Proposed Share Buy-Back of up to 12,790,702 (being 14,732,702 – 1,942,000) ordinary shares of RM1.00 each representing ten per centum (10%) of the share capital (being 12,790,702 + 1,942,000) as at October 13, 2008 is carried out in full and are being bought back proportionately from the public and the non-public shareholders, HPB's shareholding spread will remain unchanged.

6.2 Malaysian Code On Take-Overs And Mergers 1998 ("the Code")

The Proposed Share Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provision under Practice Note 2.7 of the Code.

6.3 Purchase of Shares

The purchases of shares made during the financial year ended June 30, 2008 are set out in page 27 under the heading of "Share Buy-Back".

7. DIRECTORS', MAJOR SHAREHOLDERS', PERSONS CONNECTED WITH DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, Major Shareholders, persons connected with Directors and Major Shareholders have any interest, direct or indirect, in the Proposed Share Buy-Back and resale of treasury shares of the Company.

8. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share Buy-Back is in the best interest of the HPB Group. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

9. BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement.

Statement About The State Of Internal Control

BOARD'S RESPONSIBILITY

Pursuant to paragraph 15.27(b) of Bursa Securities' Listing Requirements, the Board of Directors of Hunza Properties Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining sound systems of internal control, which provide reasonable assessment and management of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Board recognises that the systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives.

Risk Management Framework

In line with the requirements of the Malaysian Code of Corporate Governance, a Risk Management Framework had been initiated and put in place.

The Group practises a quarterly review on significant risks identification, particularly any major proposed transactions, change in nature of activities and / or operating environment, venturing into new operating environment which may entail different risks and put in place the strategies and action plans to monitor and manage such risks.

The Group's systems of internal control include :

- Monthly monitoring and reviewing of financial results and forecasts for all departments within the Group including reporting of performance against the operating plans and annual budgets;
- A defined organisational structure with clear lines of accountability and authority setting out decisions to be taken at the appropriate levels of Management including matters that require Board's approval;
- Regular internal audit on the major subsidiaries of the Group by an independent internal audit team to provide reasonable assurance to the Board that the systems of internal control of the Group are properly in place;
- A comprehensive business planning and budgeting process which establishes plans and targets against which performance is monitored on an on-going basis. The business planning process of the Group determines business objectives, examines strengths, weaknesses, opportunities, threats and key business risks, from which action plans are formulated thereon; and
- Policies and procedures of all the operating units within the Group are documented in Standard Operating Procedures manuals, subject to regular review and improvement.

The Group's systems of internal control are designed to provide reasonable but not absolute assurance against the risks of material errors, fraud or financial losses from occurring because internal controls may be circumvented or overridden. The rationale of the systems of internal control is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cost effectiveness / efficiency and cannot be expected to eliminate all risks.

The Group continues to take measures to strengthen its internal control structure whenever necessary.

Internal Audit Function

The Group outsourced the internal audit function to Messrs UHY Diong, an independent professional firm of consultants.

Regular internal audits are carried out to assess the adequacy and integrity of the systems of internal control of the Group based on the audit plan reviewed and approved by the Audit Committee. The internal auditors advise management on areas for improvement and subsequently follow-up to determine the extent of their recommendations that have been implemented.

The internal audit reports are circulated to the members of the Audit Committee who review the findings with management at its quarterly meetings.

Based on the internal auditors' reports for the financial year ended June 30, 2008, the general systems of internal control appear to be working satisfactorily. Based on the work done, there were no material weaknesses in the systems of internal control.

This statement had been reviewed by the external auditors in compliance with paragraph 15.24 of the Bursa Securities' Listing Requirements.

Report Of The Audit Committee

The Audit Committee was established by the Board of Directors on January 28, 2000. The purpose is to assist the Board in discharging its duties to identify principal risks, ensuring the implementation of appropriate systems of internal controls to manage such risks, and that such systems are working effectively to safeguard shareholders' investment and the long term viability of the Group.

COMPOSITION

The members of the Audit Committee and their respective designations are as follows:-

Chew Hock Lin	-	Independent Non-Executive Director (Chairman)
Datuk Zubir Bin Haji Ali	-	Independent Non-Executive Director
Ong Lye Seng	-	Independent Non-Executive Director

TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:-

1. Membership

The Audit Committee shall be appointed by the Board from among its members and shall consist of not less than three (3) members, all of whom shall be Non Executive Directors with a majority must be independent and shall not be :-

- Executive Directors of the Company or any related corporation;
- Spouse, parents, brothers, sisters, children or adopted children of an Executive Director of the Company or any related corporation;
- Any person having a relationship, which in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.

If the number of members is reduced below three (3), due to whatsoever reasons, the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

All directors should be financially literate and at least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants.

No alternate director shall be appointed as a member of the Audit Committee.

2. Frequency of Meeting

Meetings shall be held not less than four (4) times a year.

A quorum of two (2) independent members shall constitute a valid meeting.

The Internal Auditor or professional firm engaged to provide such services and senior management members shall be invited to attend meetings, as the Audit Committee deems necessary.

The External Auditors or any member of the Committee may request a meeting as and when they deem necessary.

A meeting with External Auditors shall be held at least twice a year without the presence of executive Board members.

The Company Secretary shall be the Secretary to the Audit Committee.

3. Authority

The Audit Committee is authorized by the Board to investigate any activities within its terms of reference and shall have the resources required to perform its duties. The Audit Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the Internal and External Auditors and employees of the Group.

The Audit Committee is authorized by the Board to obtain external legal, independent or other professional advice and be able to convene meetings with external parties, whenever deemed necessary.

Report Of The Audit Committee (Cont'd)

4. Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be:-

- to review with the Internal and External Auditors the audit plan following from structured risk assessment process, their evaluation of the internal accounting controls and their audit reports and to consider adequacy of Management's actions taken on internal and external audit reports.
- to review the adequacy of the scope, functions, competency and resources of the internal audit functions.
- to review any major proposed transaction in line with the Risk Management Framework of the Group.
- to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls.
- to review the quarterly and year-end financial statements of the Company and the Group and thereafter submit them to the Board.
- to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group.
- to consider the nomination of a person or persons as the External Auditors of the Company, the fees thereof, assess reappointment of existing external auditors and consider resignation of external Auditors.
- to review the assistance provided by the Company's officers to the Internal and External Auditors.
- to verify allocation of options to the eligible employees of the Group pursuant to Employee Share Option Scheme (ESOS).
- to perform such other duties if any as may be agreed to by the Audit Committee and the Board.

ACTIVITIES OF THE AUDIT COMMITTEE

- During the financial year ended June 30, 2008, the Audit Committee carried out the duties and responsibilities as set out above.
- The Audit Committee recommended the re-appointment of the External Auditors, Messrs. KPMG, for the ensuing year.

Details of attendance are listed below:-

Name of members	Number of meetings held	Attendance
Chew Hock Lin	5	5
Datuk Zubir Bin Haji Ali	5	5
Ong Lye Seng	5	5

INTERNAL AUDIT FUNCTION

During the financial year ended June 30, 2008, the Company had engaged the services of an independent professional firm of consultants (UHY Diong) to carry out the internal audit function of the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The work carried out by the internal audit function during the financial year included a structured risk assessment process by which significant business risks were identified and evaluated. The internal audit activities had been carried out in accordance with the internal audit plan as approved by the Committee to review the internal control systems as well as the operating units' compliance with the Group's policies and procedures. The findings by the Internal Auditor had been presented to the Audit Committee who had taken steps to ensure that appropriate actions are being taken to continuously improve the current internal control systems. Please also see "Statement About The State Of Internal Control" on page 21.

Statement On Corporate Governance

The Board of Directors ("the Board") recognises the importance of maintaining good standard of corporate governance. The application of the principles and the extent of compliance with the best practices set out in Malaysian Code on Corporate Governance ("the Code") by the Company are as follows:

APPLICATION ON PRINCIPLES OF THE CODE

The Board of Directors & Board Balance

Currently, the Board has 6 members, comprising 3 independent & non-executive directors, an executive chairman, a managing director and an executive director. The number of independent & non-executive directors make up more than 1/3 of the membership of the Board and their presence provide fair and independent view to the Board. The Board also delegates specific responsibilities to various committees such as Audit Committee, ESOS Committee, Remuneration Committee and Nomination Committee to assist in discharging their duties. The brief profiles of all directors are given in pages 8 to 10.

Dato' Khor Teng Tong is the Chairman as well as the Chief Executive Officer. This reflects the relatively small size of the Board which at the same time has a strong independent element. As mentioned above, half of the membership of the Board are independent directors and this fairly reflects the interest of the minority shareholders in the Company.

Supply of Information

All directors are supplied with necessary information on a timely basis to carry out their duties. Information given is inclusive of but not limited to financial figures, yearly budgets, business plans, legal issues, project papers, draft circulars etc. for discussions in Board Meetings as well as other occasions. Verbal explanations and briefings are also provided by the executive directors/management/external consultants to enhance the understanding of matters in relation to the Company's business. This is to facilitate informed decision making by the directors. The Company Secretary is normally present to record its deliberations, issues discussed and conclusions in discharging his duties and responsibilities.

All directors have access to the advice and services of the Company Secretary and Senior Management and may seek independent professional advice if required, in furtherance of their duties.

Appointments to the Board

Nomination Committee was set up on December 3, 2001 to ensure the process of nominating and appointing new members to the Board is fair and transparent. Currently, the Committee comprises 3 independent & non-executive directors, namely Datuk Zubir Bin Haji Ali, Chew Hock Lin and Ong Lye Seng. The basic functions of the Committee are :

- to recommend candidates/consider candidates proposed by other directors or major shareholders to sit on the Board.
- to review the effectiveness of the whole Board by assessing its size, balance as well as the mix of skills, experiences, ability to discharge their responsibilities and other qualities of the Board members on an on-going basis.

Final decisions on appointments of directors shall be the responsibility of the full Board after considering the Committee's recommendations. However, this does not abrogate the powers of shareholders to re-elect individuals to the Board. (see paragraph immediately below). All meetings are properly documented in the presence of the Company Secretary, who is also the Secretary of the Committee.

Re-election

Pursuant to Bursa Securities' Listing Requirements, the Company's Articles of Association states that each director of the Company shall retire at least once every 3 years. Also, they shall be eligible to stand for re-election at the annual general meeting upon their retirement. The Articles also provide that any new director who is appointed by the Board shall be subject to election by shareholders in annual general meeting held immediately after his/her appointment. The details of directors who are standing for re-election and re-appointment are stated in page 17.

Directors' Training

The Directors received updates from time to time on issues relevant to the Group's operations, Directors' responsibility, corporate governance as well as changes to regulatory and statutory requirements. All Directors are encouraged to attend various programmes to keep abreast with developments in the business environment.

Statement On Corporate Governance (Cont'd)

The Level and Make-up of Remuneration, Procedures & Disclosure

Remuneration Committee was set up on December 3, 2001. Currently, the Committee comprises the executive chairman and 2 independent & non-executive directors, namely Dato' Khor Teng Tong, Chew Hock Lin and Ong Lye Seng. The basic function of the Committee is to recommend the remuneration of the executive directors. (Whereas the remuneration of non-executive directors shall be the responsibility of the Board as a whole).

The Remuneration Committee shall hold at least 1 meeting per year to review the remuneration packages for executive directors. This is to ensure the remuneration packages offered can attract or retain executive directors who can contribute to the success of the Company. The remuneration of directors are stated in page 26. Aggregate remuneration of directors according to the successive band of RM50,000 is clearly stated, in compliance with Bursa Securities' Listing Requirements Appendix 9C(10). The Board is of the opinion that this is sufficient and no further reference to detailed breakdown of each director's remuneration is necessary. All meetings are properly documented in the presence of the Company Secretary, who is also the Secretary of the Committee.

Dialogue between Companies and Investors & Annual General Meeting

Announcements of important matters and financial results of the Company are promptly released to the investing public to provide an overview of the performance and operations of the Company. The Company has also established a website at www.hunzagroup.com where information on the Company is available to the public.

The Company holds regular dialogue sessions with institutional investors, fund managers, analysts and bankers. In addition, the Company had also participated in roadshows organized by research houses. Reports from various research houses are available on the website of the Company. The Company also participates in CMDF-Bursa Research Scheme II ("CBRS II") - a research scheme administered by the Bursa Malaysia Berhad ("Bursa"). Under the CBRS II, analysis will be conducted on the performance of the participant companies by two research houses appointed by Bursa. In the Company's case, Standard & Poor's Malaysia Sdn. Bhd. and M&A Securities Sdn. Bhd. were the two research houses appointed during the financial year.

During general meetings, shareholders are also encouraged to participate in the "question and answer" sessions where the directors are present to address concerns and questions raised by them.

Chew Hock Lin has been assigned as the senior independent and non-executive director, to whom concerns in relation to the Company may be conveyed.

Financial Reporting

With the assistance from Audit Committee in reviewing the financial results, the directors aim to present a balanced and understandable assessment of the Company's position and prospects via the Audited Financial Statements and quarterly financial reports on a timely basis. The Company's Audited Financial Statements are prepared in accordance with applicable approved accounting standards pronounced by Malaysian Accounting Standards Board and other relevant authorities.

Statement of Directors' Responsibility for Preparation of Audited Financial Statements

The directors are responsible for ensuring that a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year are reflected in the Audited Financial Statements, as set out in pages 33 to 81. The directors are required to ensure these Audited Financial Statements are prepared in accordance with applicable approved accounting standards in Malaysia, provisions of Companies Act, 1965 and Bursa Securities Listing Requirements. (Refer also to write-up on "Financial Reporting" as above)

Internal Controls

The Board recognises the importance of internal control systems whereby shareholders' investment and the Company's assets can be safeguarded. As for the application of "Internal Controls", please refer to "Report Of The Audit Committee" in pages 22 and 23, and as for the state of internal controls, please refer to "Statement About The State Of Internal Control" in page 21.

Relationship with Auditors

The Board has always maintained formal and transparent relationship with the Company's auditors and the management is responsive to the auditors' enquiries and their recommendations. The Audit Committee is responsible for yearly review of the auditors' performance and recommendations of their re-appointment to the Board.

EXTENT OF COMPLIANCE ON THE BEST PRACTICES OF THE CODE

The Board is pleased to state that the best practices set out in the Code have been complied by the Company on a continuing basis.

Other Information

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

For contracts involving directors' and major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year, please refer to Note 31 in page 74 and 75.

PENALTIES AND SANCTIONS IMPOSED BY REGULATORY BODIES

There was no material penalty or sanction imposed on the Company, its subsidiaries, directors or management by any regulatory bodies during the financial year.

NON-AUDIT FEE PAID TO EXTERNAL AUDITORS

There was no Non-Audit fee paid and payable to external auditors for the financial year.

DIRECTORS' TRAINING

The Directors received updates from time to time on issues relevant to the Group's operations, Directors' responsibility, corporate governance as well as changes to regulatory and statutory requirements. All Directors are encouraged to attend various programmes to keep abreast with developments in the business environment.

Directors' Remuneration

For Year Ended June 30, 2008

Remuneration to Board of Directors of Hunza Properties Berhad

No.	Item	Executive Directors (RM)	Non-Executive Directors (RM)
1.	Fees	75,000	83,000
2.	Salaries	536,436	-
3.	Bonus	216,132	-
4.	Commission	-	-
5.	Compensation for loss of office	-	-
6.	Benefits in kind	-	-

Number of Directors whose remuneration falls under each range

Range	Executive Directors (No.)	Non-Executive Directors (No.)
RM1/- to RM50,000/-	-	3
RM50,001/- to RM100,000/-	-	-
RM100,001/- to RM150,000/-	1	-
RM150,001/- to RM200,000/-	-	-
RM200,001/- to RM250,000/-	-	-
RM250,001/- to RM300,000/-	1	-
RM300,001/- to RM350,000/-	-	-
RM350,001/- to RM400,000/-	-	-
RM400,001/- to RM450,000/-	-	-
RM450,001/- to RM500,000/-	1	-

Share Buy-back

The following information on share buy-back covers the financial year from July 1, 2007 to June 30, 2008.

The shares bought back in the financial year and retained as treasury shares are set out as below :-

Month	No of Shares bought back/ (sold)	Consideration Paid/ (Received)* (RM)	Highest Price (RM)	Lowest Price (RM)	Weighted Average Price (RM)
July (2007)	-	-	-	-	-
August	921,000	2,450,105	2.80	2.44	2.65
September	-	-	-	-	-
October	-	-	-	-	-
November	150,000	421,071	2.80	2.70	2.80
December	7,000	19,393	2.76	2.69	2.75
January (2008)	-	-	-	-	-
February	1,000	2,504	2.46	2.46	2.46
March	-	-	-	-	-
April	102,000	194,214	1.95	1.86	1.89
May	143,800	263,467	1.88	1.79	1.82
June	64,900	111,471	1.80	1.57	1.70
Total	1,389,700	3,462,225			

Total number of shares bought back and held as treasury shares as at June 30, 2008 is 1,506,200 (inclusive of 116,500 shares bought back and kept as treasury shares brought forward from financial year 2007).

*Including brokerage, commission, clearing house fee and stamp duty

Directors' Report

for the year ended 30 June 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2008.

Principal activities

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to :		
Shareholders of the Company	48,424	6,439
Minority interest	637	-
	49,061	6,439

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid :

- i) a final dividend of 7.5 sen per ordinary share less tax at 26% totalling RM7,774,736 in respect of the year ended 30 June 2007 on 21 January 2008 based on the share capital of 140,085,338 ordinary shares of RM1 each; and
- ii) a first interim single-tier exempt dividend of 3.7 sen per ordinary share totalling RM5,394,238 in respect of the year ended 30 June 2008 on 22 July 2008 based on the share capital of 145,790,224 ordinary shares of RM1 each.

The Directors recommend a final single-tier exempt dividend of 5.5 sen per ordinary share in respect of the year ended 30 June 2008, subject to the approval of members at the forthcoming Annual General Meeting.

Directors of the Company

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

Dato' Khor Teng Tong
Ooi Lay See
Khor San Leng
Chew Hock Lin
Datuk Zubir Bin Haji Ali
Ong Lye Seng

Directors' Report

for the year ended 30 June 2008 (Cont'd)

Directors' interests

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and/or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM1 each			Balance at 30.6.2008
	Balance at 1.7.2007	Bought /Warrants exercised	(Sold)	
Shares in the Company				
Dato' Khor Teng Tong				
Interest in the Company :				
- own	11,633,774	* 150,000	* (150,000)	11,633,774
- others	# 938,700	343,000	(160,000)	1,121,700
Deemed interest in the Company :				
- own	59,572,143	17,786,052	(10,849,366)	66,508,829
Ooi Lay See				
Interest in the Company :				
- own	5,128,000	2,728,856	(1,400,000)	6,456,856
Khor San Leng				
Interest in the Company :				
- own	100,000	** 333,000	** (205,000)	228,000
Ong Lye Seng				
Interest in the Company :				
- own	137,346	-	-	137,346
Warrants over shares in the Company				
Dato' Khor Teng Tong				
Deemed interest in the Company :				
- own	8,852,686	4,006,699	(11,552,685)	1,306,700
Ooi Lay See				
Interest in the Company :				
- own	382,775	314,000	(696,775)	-
Khor San Leng				
Interest in the Company :				
- own	45,500	55,000	(100,500)	-
Datuk Zubir Bin Haji Ali				
Interest in the Company :				
- own	30,000	-	(5,000)	25,000

These are shares held in the name of the spouse and/or children and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965, which come into effect on 15 August 2007.

* Transferred inward from/(outward to) Khor San Leng.

** Include 150,000 ordinary shares transferred (outward to)/inward from Dato' Khor Teng Tong.

Directors' Report

for the year ended 30 June 2008 (Cont'd)

Directors' interests (Cont'd)

By virtue of his interest in the shares of the Company, Dato' Khor Teng Tong is also deemed to be interested in the shares of the subsidiaries during the year to the extent that the Company has an interest.

None of the other Directors holding office at 30 June 2008 had any interest in the ordinary shares and/or warrant of the Company and of its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with a 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 for any benefits which may be deemed to have arisen by virtue of the transactions mentioned in Note 31 to the financial statements.

There were no arrangement during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the free detachable warrants issued on 11 March 2004 for the subscribers of the right shares ("Warrants") which remained unexercised.

Issue of shares and debentures

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM135,350,656 to RM147,327,024 by way of :

- i) an issuance of 11,941,368 new ordinary shares of RM1 each for cash arising from the exercise of warrants at an exercise price of RM1.50 per ordinary share; and
- ii) an issuance of 35,000 new ordinary shares of RM1 each for cash arising from the exercise of ESOS of the Company at exercise price of RM1.56 per ordinary share.

There were no other changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS and Warrants as detailed below :

a) *Employee Share Option Scheme*

Under the Hunza Properties Berhad's ESOS which was launched on 27 November 2001 as confirmed to the Securities Commission on even date, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible Directors and employees of the Company and its subsidiaries.

At an Extraordinary General Meeting held on 22 March 2005, the Company's shareholders approved the Company's proposal to amend its existing By-Laws and thereafter adopt the new By-Laws which incorporate the amendments permitted or required by Bursa Malaysia Securities Berhad.

The principal features of the ESOS are as follows :

- i) the total number of new shares which may be made available under the ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at the time of offer;
- ii) any Director (both executive and non-executive Directors) of the Group (other than a company within the Group which is dormant) or an employee of the Group who is employed full time and is on the payroll of the Group (other than a company within the Group which is dormant), but does not include employee on probation, shall be eligible to participate in the ESOS, provided always that the selection of any eligible employee for participation in the ESOS shall be at the discretion of the Option Committee and the decision of the Option Committee shall be final and binding;

Directors' Report

for the year ended 30 June 2008 (Cont'd)

Options granted over unissued shares (Cont'd)

a) Employee Share Option Scheme (Cont'd)

- iii) the aggregate maximum number of shares that may be offered to any of the eligible employee of the Group shall be subject to the following :
- a) the number of shares allotted to both executive and non-executive Directors and senior management of the Group shall not exceed 50% of the total shares available under the ESOS; and
 - b) the number of shares allotted to any individual eligible employee who, either singly or collectively through persons connected with the eligible employee, holds 20% or more in the issued and paid-up share capital of the Company, shall not exceed 10% of the total shares available under the ESOS;
- iv) the subscription price shall be the higher of, the weighted average price of the shares for the five market days immediately preceding the offer date with an allowance for a discount of not more than 10% therefrom at the discretion of the Option Committee, or the par value of the ordinary share of the Company;
- v) the ESOS shall be in force for a duration of ten years from its effective date of 27 November 2001; and
- vi) in the event of the cessation of employment or Directorship of a grantee with the Group, the unexercised options shall cease to be valid, subject to the written approval of the Option Committee in its discretion, if the cessation occurs by reason of :
- a) retirement on attaining the retirement age under the Group's retirement policy;
 - b) retirement before attaining the normal retirement age but with the consent of the Option Committee;
 - c) ill-health, accidents, injury, physical or mental disability; or
 - d) any other circumstances which are acceptable to the Option Committee;
- such option shall remain exercisable during the option held.

The options offered to take up unissued ordinary shares of RM1 each and the exercise price are as follows :

Date of offer	Exercise price per ordinary share RM	Balance at 1.7.2007	Granted	(Exercised)	(Lapsed)	Balance at 30.6.2008
28.1.2004	1.10	100	-	-	(100)	-
28.1.2004	1.36	200	-	-	(200)	-
22.3.2004	1.56	55,000	-	(35,000)	-	20,000
8.9.2004	1.45	3,000	-	-	-	3,000

b) Warrants

On 11 March 2004, 41,772,000 detachable warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time on or after the issue date but not later than 5.00 p.m. on 10 March 2009. Each warrant entitles its registered holder, at any time during the exercise period of the warrants, to subscribe for one new ordinary share. The exercise price of each warrant is fixed at RM1.50 per share for cash subject to adjustments in accordance with the provisions of the Deed Poll.

During the financial year, 11,941,368 new ordinary shares have been issued by virtue of the exercise of warrants. As of the end of the financial year, 10,413,576 warrants remained unexercised.

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 to ascertain that :

- i) proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts; and have satisfied themselves that there are no known bad debts to be written off and that adequate allowance has been made for doubtful debts; and
- ii) all current assets have been stated at the lower of cost and net realisable value.

Directors' Report

for the year ended 30 June 2008 (Cont'd)

Other statutory information (Cont'd)

At the date of this report, the Directors are not aware of any circumstances :

- i) that would require the writing off of bad debts or render the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that 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 :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, and
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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, the results of the operations of the Group and of the Company for the financial year ended 30 June 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year and subsequent events

The details of such events are disclosed in Note 34 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Dato' Khor Teng Tong

.....
Ooi Lay See

Penang,

Date : 20 October 2008

Balance Sheets

at 30 June 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000 (Restated)
Assets					
Property, plant and equipment	3	87,883	86,822	2,215	2,262
Investment properties	4	22,500	22,500	-	-
Investments in subsidiaries	5	-	-	69,101	68,851
Other investments	6	8,769	29,792	8,769	29,792
Land held for property development	7	95,552	94,393	-	-
Receivables, deposits and prepayments	8	35,796	15,856	-	-
Deferred tax assets	9	463	166	-	-
Total non-current assets		250,963	249,529	80,085	100,905
Other investments	6	3,275	1,333	3,275	1,333
Inventories	10	39,666	31,958	-	-
Property development costs	11	98,487	129,347	-	-
Receivables, deposits and prepayments	8	67,206	84,769	211,151	210,602
Current tax assets		3,008	2,962	1,789	1,105
Cash and cash equivalents	12	72,998	25,368	1,593	11,298
Total current assets		284,640	275,737	217,808	224,338
Total assets		535,603	525,266	297,893	325,243
Equity					
Share capital	13	147,327	135,351	147,327	135,351
Treasury shares	14	(3,630)	(168)	(3,630)	(168)
Reserves	15	162,330	121,084	40,326	41,065
Total equity attributable to shareholders of the Company		306,027	256,267	184,023	176,248
Minority interest		23,798	23,662	-	-
Total equity		329,825	279,929	184,023	176,248
Liabilities					
Deferred tax liabilities	9	1,610	410	166	140
Borrowings	16	81,090	135,219	30,000	75,000
Total non-current liabilities		82,700	135,629	30,166	75,140
Payables and accruals	17	56,222	44,371	30,458	28,855
Borrowings	16	63,348	61,635	53,246	45,000
Current tax liabilities		3,508	3,702	-	-
Total current liabilities		123,078	109,708	83,704	73,855
Total liabilities		205,778	245,337	113,870	148,995
Total equity and liabilities		535,603	525,266	297,893	325,243

The notes on pages 41 to 81 are an integral part of these financial statements.

Income Statements

for the year ended 30 June 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000 (Restated)
Continuing operations					
Revenue	19	245,275	187,166	22,177	40,023
Cost of sales	20	(173,912)	(117,584)	-	-
Gross profit		71,363	69,582	22,177	40,023
Selling and distribution expenses		(798)	(413)	-	-
Administrative expenses		(12,206)	(10,610)	(3,817)	(2,440)
Other operating expenses		(3,173)	(5,816)	(2,314)	(3,242)
Other operating income		1,773	4,860	440	130
Share of profit from project management		12,735	-	-	-
Operating profit	21	69,694	57,603	16,486	34,471
Financing costs	24	(1,353)	(102)	(6,779)	(8,376)
Profit before tax		68,341	57,501	9,707	26,095
Tax expense	25	(19,280)	(15,232)	(3,268)	(7,468)
Profit for the year		49,061	42,269	6,439	18,627
Attributable to :					
Shareholders of the Company		48,424	39,244	6,439	18,627
Minority interest		637	3,025	-	-
		49,061	42,269	6,439	18,627
Basic earnings per ordinary share (sen)	26	34.53	33.49	-	-
Diluted earnings per ordinary share (sen)	26	33.53	31.78	-	-
Gross dividends per ordinary share (sen)	27	9.20	12.50	9.20	12.50
Net dividends per ordinary share (sen)	27	9.20	9.20	9.20	9.20

The notes on pages 41 to 81 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

for the year ended 30 June 2008

	Note	Attributable to shareholders of the Company							Minority interest RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Non-distributable		Distributable		Total RM'000		
				Revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000				
At 1 July 2006		115,787	12,975	709	(3,054)	67,192	193,609	21,134	214,743	
Reduction in deferred tax on revaluation surplus resulting from the change in tax rates		-	-	14	-	(6)	8	-	8	
Realisation of revaluation surplus upon disposal of properties		-	-	(206)	-	206	-	-	-	
Realisation of revaluation surplus on properties		-	-	(45)	-	45	-	-	-	
Net income recognised directly in equity		-	-	(237)	-	245	8	-	8	
Profit for the year		-	-	-	-	39,244	39,244	3,025	42,269	
Total recognised income		-	-	(237)	-	39,489	39,252	3,025	42,277	
Issue of ordinary shares pursuant to the exercise of warrants	13	19,417	9,709	-	-	-	29,126	-	29,126	
Issue of ordinary shares pursuant to the Employee Share Option Scheme	13	147	54	-	-	-	201	-	201	
Treasury shares sold	14	-	2,355	-	2,888	-	5,243	-	5,243	
Treasury shares acquired	14	-	-	-	(2)	-	(2)	-	(2)	
Dividends paid to shareholders	27	-	-	-	-	(11,162)	(11,162)	-	(11,162)	
Purchase of shares from minority shareholder of a subsidiary		-	-	-	-	-	-	(375)	(375)	
Disposal of investment in a subsidiary		-	-	-	-	-	-	(122)	(122)	
At 30 June 2007		135,351	25,093	472	(168)	95,519	256,267	23,662	279,929	

Consolidated Statement Of Changes In Equity

for the year ended 30 June 2008 (Cont'd)

Note	← Attributable to shareholders of the Company →							Minority interest RM'000	Total equity RM'000
	← Non-distributable →			Distributable					
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000			
At 1 July 2007	135,351	25,093	472	(168)	95,519	256,267	23,662	279,929	
Realisation of revaluation surplus on properties	-	-	(36)	-	36	-	-	-	
Net income recognised directly in equity	-	-	(36)	-	36	-	-	-	
Profit for the year	-	-	-	-	48,424	48,424	637	49,061	
Total recognised income	-	-	(36)	-	48,460	48,424	637	49,061	
Issue of ordinary shares pursuant to the exercise of warrants	13	11,941	5,971	-	-	17,912	-	17,912	
Issue of ordinary shares pursuant to the Employee Share Option Scheme	13	35	20	-	-	55	-	55	
Treasury shares acquired	14	-	-	(3,462)	-	(3,462)	-	(3,462)	
Dividends paid to shareholders	27	-	-	-	(13,169)	(13,169)	-	(13,169)	
Dividends paid to minority shareholders	-	-	-	-	-	-	(501)	(501)	
At 30 June 2008	147,327	31,084	436	(3,630)	130,810	306,027	23,798	329,825	

The notes on pages 41 to 81 are an integral part of these financial statements.

Statement Of Changes In Equity

for the year ended 30 June 2008

	Note	Non-distributable			Distributable Retained earnings RM'000	Total RM'000	
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000			Treasury shares RM'000
At 1 July 2006		115,787	12,975	292	(3,054)	8,207	134,207
Reduction in deferred tax on revaluation surplus resulting from the changes in tax rates		-	-	8	-	-	8
Realisation of revaluation surplus on properties		-	-	(32)	-	32	-
Net income recognised directly in equity		-	-	(24)	-	32	8
Profit for the year		-	-	-	-	18,627	18,627
Total recognised income		-	-	(24)	-	18,659	18,635
Issue of ordinary shares pursuant to the exercise of warrants	13	19,417	9,709	-	-	-	29,126
Issue of ordinary shares pursuant to the Employee Share Option Scheme	13	147	54	-	-	-	201
Treasury shares sold	14	-	2,355	-	2,888	-	5,243
Treasury shares acquired	14	-	-	-	(2)	-	(2)
Dividends	27	-	-	-	-	(11,162)	(11,162)
At 30 June 2007		135,351	25,093	268	(168)	15,704	176,248
Profit for the year		-	-	-	-	6,439	6,439
Issue of ordinary shares pursuant to the exercise of warrants	13	11,941	5,971	-	-	-	17,912
Issue of ordinary shares pursuant to the Employee Share Option Scheme	13	35	20	-	-	-	55
Treasury shares acquired	14	-	-	-	(3,462)	-	(3,462)
Realisation of revaluation surplus on properties		-	-	(28)	-	28	-
Dividends	27	-	-	-	-	(13,169)	(13,169)
At 30 June 2008		147,327	31,084	240	(3,630)	9,002	184,023

The notes on pages 41 to 81 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000 (Restated)
Cash flows from operating activities					
Profit before tax from continuing operations		68,341	57,501	9,707	26,095
Adjustments for :					
Depreciation of property, plant and equipment	3	732	750	184	177
Property, plant and equipment written off	21	76	48	42	-
Interest income from :					
- unit trust funds	19	(17)	(497)	(17)	(497)
- subsidiaries	19	-	-	(6,779)	(8,376)
- late payment	21	(73)	-	-	-
- surplus funds placed with financial institutions	19,21	(834)	(245)	(125)	-
Gross dividend income from :					
- investment in quoted warrants	19	-	(2)	-	(2)
- investment in quoted shares in Malaysia	19	(30)	(1)	(30)	(1)
- subsidiaries	19	-	-	(15,079)	(31,000)
Allowance for diminution in value of investment in :					
- subordinated bond	21	1,544	2,667	1,544	2,667
- quoted shares in Malaysia	21	659	143	659	143
- unit trust	21	-	432	-	432
Loss/(Gain) on disposal of :					
- property, plant and equipment	21	(54)	(218)	-	-
- investment in unit trust	21	(319)	-	(319)	-
- investment in quoted shares in Malaysia	21	69	(38)	69	(38)
- investment in quoted warrants	21	-	(38)	-	(38)
Gain on redemption of subordinated bonds	21	(67)	-	(67)	-
Fair value adjustment of investment properties	21	-	(2,900)	-	-
Recognition of reserve on consolidation	21	-	(12)	-	-
Interest expense	24	1,353	102	6,779	8,376
Operating profit/(loss) before changes in working capital		71,380	57,692	(3,432)	(2,062)

Cash Flow Statements

for the year ended 30 June 2008 (Cont'd)

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000 (Restated)
Changes in working capital :					
Property development costs		43,421	(12,436)	-	-
Inventories		(7,708)	(10,532)	-	-
Receivables, deposits and prepayments		17,563	40,682	(4,429)	2,482
Payables and accruals		11,380	(865)	1,132	(4,803)
Cash generated from/(used in) operations		136,036	74,541	(6,729)	(4,383)
Interest received		-	-	6,904	8,376
Tax (paid)/refunded		(19,835)	(13,055)	(5)	8
Net cash generated from operating activities		116,201	61,486	170	4,001
Cash flows from investing activities					
Additions to land held for property development	7	(822)	(1,503)	-	-
Proceeds from disposal of :					
- investment properties		-	2,000	-	-
- quoted investment in Malaysia and warrants		335	1,478	335	1,478
- unit trust fund		21,884	-	21,884	-
- property, plant and equipment		128	1,730	3	1
Dividends received from :					
- other investments		30	3	30	3
- subsidiaries		-	-	15,038	14,760
Purchase of :					
- investment in unit trust funds		(5,000)	(21,500)	(5,000)	(21,500)
- investment in quoted shares		(1,407)	(1,182)	(1,407)	(1,182)
- investment in quoted warrants		-	(855)	-	(855)
- shares from minority shareholder of a subsidiary		-	(363)	-	-
- property, plant and equipment		(13,623)	(82,096)	(182)	(71)
Interest received		907	245	-	-
Increase in long-term receivables		(19,940)	(4,586)	-	-
Net cash outflow on disposal of a subsidiary	B	-	(158)	-	-
Additional investment in a subsidiary		-	-	(250)	(9,900)
Redemption of subordinated bonds	6	1,400	-	1,400	-
Net cash (used in)/generated from investing activities		(16,108)	(106,787)	31,851	(17,266)

Cash Flow Statements

for the year ended 30 June 2008 (Cont'd)

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000 (Restated)
Cash flows from financing activities					
(Addition to)/Withdrawal from sinking fund placed		(109)	342	-	-
Interest paid		(1,353)	(102)	(6,779)	(8,376)
Dividends paid to :					
- equity holders of the parent		(12,698)	(6,226)	(12,698)	(6,226)
- minority shareholder of subsidiaries		(501)	-	-	-
Proceeds from issuance of :					
- share pursuant to the exercise of warrants		17,912	29,126	17,912	29,126
- share pursuant to ESOS		55	201	55	201
Proceeds from re-sale of treasury shares		-	5,243	-	5,243
Drawdown of borrowings, net (Placement)/Withdrawal of pledged short term deposits		2,712	69,226	3,000	5,000
Repayment of term loans		(500)	80	-	-
Repayment of finance lease liabilities		(52,986)	(14,411)	(40,000)	-
Repayments of finance lease liabilities		(130)	(124)	-	-
Repurchase of treasury shares		(3,462)	(2)	(3,462)	(2)
Net cash (used in)/generated from financing activities		(51,060)	83,353	(41,972)	24,966
Net increase/(decrease) in cash and cash equivalents		49,033	38,052	(9,951)	11,701
Cash and cash equivalents at 1 July		20,571	(17,481)	11,298	(403)
Cash and cash equivalents at 30 June	A	69,604	20,571	1,347	11,298

NOTES

A. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts :

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	12	70,340	23,331	1,593	11,298
Short term deposits (net of sinking fund placed on behalf of housebuyers and deposits pledged)		193	181	-	-
Bank overdrafts	16	(929)	(2,941)	(246)	-
		69,604	20,571	1,347	11,298

B. Net cash outflow on disposal of a subsidiary

On 1 January 2007, a wholly owned subsidiary, Hunza Ventures Sdn. Bhd. disposed its entire equity interest of 127,500 ordinary shares of RM1.00 each, representing 51% of the total issued and paid-up capital of its subsidiary, Perda Hunza Sdn. Bhd. for a total consideration of RM127,149.

The effect of this disposal on the financial position of the Group as of the date of disposal was not disclosed as the assets and liabilities disposed of were not significant. The cash flow on disposal, net of cash and bank balances disposal of as of date of disposal was RM157,649.

The notes on pages 41 to 81 are an integral part of these financial statements.

Notes To The Financial Statements

30 June 2008

Hunza Properties Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows :

Registered office

3rd Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
Malaysia

Principal place of business

5-4-8/11, Hunza Complex
Jalan Gangsa
11600 Penang
Malaysia

The consolidated financial statements of the Company as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 20 October 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The significant accounting policies adopted by the Group are consistent with those adopted in the previous financial year except for the adoption of the following revised FRS and interpretations issued by the MASB which are relevant to the Group's operations and become effective for the Group's current financial year beginning on 1 July 2007 :

FRS 107, Cash Flow Statements
FRS 111, Construction Contracts
FRS 112, Income Taxes
FRS 117, Leases
FRS 118, Revenue
FRS 124, Related Party Disclosures
FRS 134, Interim Financial Reporting
FRS 137, Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 8, Scope of FRS 2

The adoption of FRS 107, FRS 111, FRS 112, FRS 117, FRS 118, FRS 124, FRS 134, FRS 137, IC Interpretation 1 and IC Interpretation 8 do not have significant impact on the financial statements of the Group except for additional disclosure required under FRS 124.

The MASB has also issued FRS 139, Financial Instruments: Recognition and Measurement which the effective date is for annual periods beginning on or after 1 January 2010 or for early adoption. The Group and the Company have not adopted FRS 139, Financial Instruments: Recognition and Measurement. The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

Notes To The Financial Statements

30 June 2008 (Cont'd)

1. Basis of preparation (Cont'd)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes to financial statements :

Note 6 - allowance for diminution in value of other investments.

Note 9 - recognition/non-recognition of deferred tax assets.

Note 11 - recognition of property development cost and expenses.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation and classification (see Note 35 to the financial statements).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, albeit separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interest for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the purchase method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses.

The Group revalues its property comprising freehold office units and renovation every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(b) Property, plant and equipment (Cont'd)

(ii) *Reclassification to investment property*

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

(iii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) *Depreciation*

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably ascertained that the Group will obtain ownership by the end of the leased term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rate for the current and comparative periods based on their estimated useful lives are as follows :

Freehold office units	2% - 3%
Renovation	10% - 15%
Buildings	2% - 3%
Plant and machinery, tools and equipment	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	10% - 20%

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(c) Leased assets

Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(d) Investment properties

(i) *Investment property carried at fair value*

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment property are measured initially at cost and subsequently at fair value with any change therein recognised in the income statements.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(d) Investment properties (Cont'd)

(ii) *Reclassification to/from investment property*

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statements. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statements.

When an item of inventory or property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in the income statements.

When the use of a property changes such that it is reclassified as property, plant and equipment/inventories/property development, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) *Determination of fair value*

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 4.

(e) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value. All current investments are carried at the lower of cost and market value determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investments in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

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

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(f) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(g) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including interest expense incurred during the period of active development.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

The excess of property development revenue recognised in the income statements over billings to purchasers is shown as accrued billings under receivables, deposits and prepayments.

Receivables are not held for the purpose of trading.

(i) Inventories

(i) Building materials

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Completed development properties

Completed development properties are stated at lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, direct building and construction costs and other related development costs.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and sinking fund placed on behalf of housebuyers, if any.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(k) Impairment of assets

The carrying amounts of assets except for financial assets, inventories, investment properties that are measured at fair value and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful life, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing 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 group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses 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 statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(l) Share capital

(i) Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(n) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The options granted under the Company's ESOS were all vested as at 1 July 2006. As provided in the transitional provision of FRS 2, Share-based Payment, no amount is to be recognised as an expense.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

The excess of billings to purchasers over property development revenue recognised in the income statements is shown as progress billings under payables and accruals.

(q) Revenue recognition

(i) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated :

- a. property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; and
- b. property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(q) Revenue recognition (Cont'd)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statements.

(ii) Completed development properties

Revenue relating to sale of completed development properties is recognised net of discount when transfer of risks and rewards has been completed.

(iii) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iv) Dividend income

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

(v) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(r) Borrowing costs

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended sale/used are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended sale/used are interrupted or completed.

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(t) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise unexercised warrants and share options granted to employees.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.



Notes To The Financial Statements

30 June 2008 (Cont'd)

3. Property, plant and equipment

Group	At valuation					At cost					Total RM'000	
	Freehold office units RM'000	Freehold land RM'000	Building RM'000	Renovation RM'000	Freehold land RM'000	Plant and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Construction -in-progress RM'000		
Valuation/Cost												
At 1 July 2006	2,966	804	412	674	-	1,282	2,775	2,873	330	-	12,116	
Additions	-	-	163	-	67,681	6	65	-	2	14,179	82,096	
Disposals	-	(804)	(575)	-	-	(81)	-	(706)	(197)	-	(2,363)	
Write-off	-	-	-	-	-	(165)	(998)	-	(45)	-	(1,208)	
At 30 June 2007/1 July 2007	2,966	-	-	674	67,681	1,042	1,842	2,167	90	14,179	90,641	
Additions	-	-	-	-	4,827	-	252	142	-	8,402	13,623	
Transfer to property development costs	-	-	-	-	(9,659)	-	-	-	-	(2,021)	(11,680)	
Disposal	(87)	-	-	-	-	-	-	-	-	-	(87)	
Write-off	-	-	-	-	-	-	(249)	(16)	(29)	-	(294)	
At 30 June 2008	2,879	-	-	674	62,849	1,042	1,845	2,293	61	20,560	92,203	
Accumulated depreciation												
At 1 July 2006	75	-	30	105	-	1,275	1,855	1,664	76	-	5,080	
Depreciation for the year	70	-	-	97	-	1	191	377	14	-	750	
Disposals	-	-	(30)	-	-	(81)	-	(706)	(34)	-	(851)	
Write-off	-	-	-	-	-	(164)	(985)	-	(11)	-	(1,160)	
At 30 June 2007/1 July 2007	145	-	-	202	-	1,031	1,061	1,335	45	-	3,819	
Depreciation for the year	69	-	-	97	-	1	194	362	9	-	732	
Disposal	(13)	-	-	-	-	-	-	-	-	-	(13)	
Write-off	-	-	-	-	-	-	(192)	(16)	(10)	-	(218)	
At 30 June 2008	201	-	-	299	-	1,032	1,063	1,681	44	-	4,320	
Carrying amounts												
At 1 July 2006	2,891	804	382	569	-	7	920	1,209	254	-	7,036	
At 30 June 2007/1 July 2007	2,821	-	-	472	67,681	11	781	832	45	14,179	86,822	
At 30 June 2008	2,678	-	-	375	62,849	10	782	612	17	20,560	87,883	

Notes To The Financial Statements

30 June 2008 (Cont'd)

3. Property, plant and equipment (Cont'd)

Company	← At valuation →		← At cost →			Total RM'000
	Freehold office units RM'000	Renovation RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	
Valuation/Cost						
At 1 July 2006	1,630	370	527	241	-	2,768
Additions	-	-	22	-	1	23
Write-off	-	-	(1)	-	-	(1)
Transfer in	-	-	48	-	-	48
Transfer out	-	-	(2)	-	-	(2)
At 30 June 2007/1 July 2007	1,630	370	594	241	1	2,836
Additions	-	-	179	-	-	179
Write-off	-	-	(66)	-	-	(66)
Transfer in	-	-	3	-	-	3
Transfer out	-	-	(3)	-	-	(3)
At 30 June 2008	1,630	370	707	241	1	2,949
Accumulated depreciation						
At 1 July 2006	39	54	150	156	-	399
Depreciation for the year	36	50	56	35	-	177
Write-off	-	-	(1)	-	-	(1)
Transfer out	-	-	(1)	-	-	(1)
At 30 June 2007/1 July 2007	75	104	204	191	-	574
Depreciation for the year	36	50	77	21	-	184
Write-off	-	-	(24)	-	-	(24)
At 30 June 2008	111	154	257	212	-	734
Carrying amounts						
At 1 July 2006	1,591	316	377	85	-	2,369
At 30 June 2007/1 July 2007	1,555	266	390	50	1	2,262
At 30 June 2008	1,519	216	450	29	1	2,215

3.1 Assets under finance lease

Included in the carrying amount of the motor vehicles of the Group are assets acquired under finance lease obligations amounting to RM350,183 (2007 : RM386,528).

Notes To The Financial Statements

30 June 2008 (Cont'd)

3. Property, plant and equipment (Cont'd)

3.2 Revaluation

The Group's and the Company's freehold office units and renovation were revalued in May 2005 by Rahim & Co. Chartered Surveyors (Penang) Sdn. Bhd., an independent firm of professional valuers using market value with comparison and cost replacement methods of valuation.

Had the freehold office units and renovations been carried under the cost model, their carrying amounts would have been as follows :

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Group			
2008			
Freehold office units	2,237	417	1,820
Renovation	429	307	122
	<u>2,666</u>	<u>724</u>	<u>1,942</u>
2007			
Freehold office units	2,325	376	1,949
Renovation	429	251	178
	<u>2,754</u>	<u>627</u>	<u>2,127</u>
Company			
2008			
Freehold office units	1,619	251	1,368
Renovation	131	84	47
	<u>1,750</u>	<u>335</u>	<u>1,415</u>
2007			
Freehold office units	1,619	219	1,400
Renovation	131	73	58
	<u>1,750</u>	<u>292</u>	<u>1,458</u>

3.3 Security

Certain property, plant and equipment of the Group and of the Company amounted to RM73,269,609 (2007 : RM76,953,109) and RM1,735,921 (2007 : RM1,822,053) respectively are pledged to local banks as securities for credit facilities granted as disclosed in Note 16 to the financial statements.

3.4 Borrowing costs

Included in property, plant and equipment of the Group is interest capitalised of RM7,399,998 (2007 : RM4,882,514).

3.5 Investment property under construction

During the year ended 30 June 2008, the Group commenced construction of new office tower and shopping mall for future use as investment property. Cost incurred up to the balance sheet date totalled RM83,409,429 (2007 : RM81,859,958) of which RM62,848,994 (2007 : RM67,680,664) is related to cost of the freehold land where the office tower and shopping mall will be located.

3.6 Property, plant and equipment held in trust

Certain motor vehicles of the Group with carrying amount of RM308,095 (2007 : RM553,692) are registered in the names of certain Directors and an employee of the Group who hold the motor vehicles in trust for certain subsidiaries.

Notes To The Financial Statements

30 June 2008 (Cont'd)

4. Investment properties - Group

	2008 RM'000	2007 RM'000
At fair value		
At 1 July	22,500	21,600
Disposed during the year	-	(2,000)
Fair value adjustments	-	2,900
At 30 June	22,500	22,500
Included in the above are :		
	2008 RM'000	2007 RM'000
At 30 June 2008		
Freehold land	22,500	22,500

The fair value of investment properties of the Group has been arrived at on the basis of the valuations carried out by Raine & Horne International Zaki & Partners Sdn. Bhd., an independent firm of professional valuers that are not related to the Group, in June 2007. The valuation was arrived at by reference to market evidence of transactions prices for similar properties. An updated valuation was carried on by the same independent firm of valuers in June 2008.

Resulting from the above, no fair value adjustment was made as the Directors are of the opinion that there were no significant differences in the fair value.

The following are recognised in the income statement in respect of investment properties :

	Group	
	2008 RM'000	2007 RM'000
Royalty income	84	208
Direct operating expenses :		
- income generating investment properties	101	111

Certain freehold land classified under investment properties of the Group with a total carrying amount of RM20,000,000 (2007 : RM20,000,000) are pledged to a local bank as security for credit facilities granted as disclosed in Note 16 to the financial statements.

5. Investment in subsidiaries - Company

	2008 RM'000	2007 RM'000 (Restated)
Unquoted shares, at cost	69,101	68,851

Notes To The Financial Statements

30 June 2008 (Cont'd)

5. Investment in subsidiaries - Company (Cont'd)

The subsidiaries, all incorporated in Malaysia, are as follows :

Name of subsidiaries	Effective ownership interest		Principal activities
	2008	2007	
	%	%	
Bandar Kepala Batas Sdn. Bhd.	70	70	Property development
Hunza Holdings Sdn. Bhd.	100	100	Investment holding
Hunza Properties (Gurney) Sdn. Bhd.	100	100	Property development
Hunza Properties (Kelawai) Sdn. Bhd.	100	100	Property investment
Hunza Properties (Penang) Sdn. Bhd.	100	100	Property investment
Hunza Properties (North) Sdn. Bhd.	100	100	Property development
Hunza Properties (Wilayah) Sdn. Bhd.	100	100	Property development
Hunza Usaha Ventures Sdn. Bhd.	100	100	Investment holding
Masuka Bina Sdn. Bhd.	100	100	Property construction and rental of properties, plant and machinery

Subsidiaries of Hunza Holdings Sdn. Bhd.

Hunza Trading Sdn. Bhd.	100	100	Trading of building materials
Hunza Distripark Sdn. Bhd.	100	100	Property investment
Hunza Properties (Kedah) Sdn. Bhd.	94	94	Property development
Hunza Ventures Sdn. Bhd.	100	100	Property investment
Hunza-Land Corporation Sdn. Bhd.	85.06	85.06	Property development

Subsidiaries of Hunza Usaha Ventures Sdn. Bhd.

Hunza Capital Sdn. Bhd.	100	100	Investment holding
Hunza Parade Development Sdn. Bhd.	92.50	92.50	Property development

Subsidiaries of Hunza-Land Corporation Sdn. Bhd.

Hunza-Land Capital Sdn. Bhd.	85.06	85.06	Financing purchasers of housing properties. The company is currently dormant
Hunza Treasure Sdn. Bhd.	85.06	85.06	Investment holding

During the year, the Company further subscribed for 249,998 ordinary shares of RM1 each of the total issued and paid-up capital of a wholly-owned subsidiary, Hunza Properties (Gurney) Sdn. Bhd. for a total cash consideration of RM249,998.

Notes To The Financial Statements

30 June 2008 (Cont'd)

6. Other investments - Group/Company

	2008 RM'000	2007 RM'000
Non-current		
At cost		
Unit trust funds	5,017	21,997
Subordinated bonds	3,000	7,500
Quoted shares in Malaysia	1,873	879
	9,890	30,376
Less : Allowance for diminution in value		
Unit trust funds	-	(432)
Subordinated bonds	(319)	-
Quoted shares in Malaysia	(802)	(152)
	(1,121)	(584)
	8,769	29,792
Current		
At cost		
Subordinated bonds	4,500	4,000
Less : Allowance for diminution in value	(1,225)	(2,667)
	3,275	1,333
Market value		
Unit trust funds	4,994	21,565
Quoted shares in Malaysia	1,071	754
	6,065	22,319

Details of disposed investments stated at cost are as follows :

	2008 RM'000	2007 RM'000
Proceeds from disposal	22,219	1,478
Carrying amount of investment disposed	(21,969)	(1,402)
	250	76

The Company subscribed for subordinated bonds amounting to RM7,500,000 (2007 : RM11,500,000) as fulfilment of one of the conditions to the unsecured term loans obtained from local banks.

On 6 December 2007, subordinated bonds amounting to RM4,000,000 with carrying amount of RM1,333,336, matured and were redeemed at RM1,400,000. The redemption resulted a gain on redemption of subordinated bonds of RM66,664.

As at 30 June 2008, the carrying amount of the subordinated bonds was RM5,956,000 (2007 : RM8,833,000) and is based on the Directors' estimate of the redemption amount of the bonds upon maturity.

Notes To The Financial Statements

30 June 2008 (Cont'd)

7. Land held for property development

	Note	2008 RM'000	2007 RM'000
At 1 July		94,393	94,218
Additions		822	1,503
Transfer to property development costs		(881)	(1,328)
Fair value adjustment	7.1	1,218	-
At 30 June *		<u>95,552</u>	<u>94,393</u>
* This amount comprises :			
Freehold land		44,637	43,931
Other outgoings		50,915	50,462
		<u>95,552</u>	<u>94,393</u>

7.1 Fair value adjustment

During the financial year ended 30 June 2004, Hunza Holdings Sdn. Bhd. ("HH"), a wholly-owned subsidiary of the Company, entered into a share sale agreement with certain related parties to acquire an additional 25.05% equity interest in Hunza Properties (Kedah) Sdn. Bhd. ("HPK") for a total purchase consideration of RM10,710,000. Instead of the attributing the excess of the consideration paid for the additional shares acquired over the book value as fair value adjustment to the attributable net assets acquired as of the date of acquisition, it was treated as goodwill on consolidation and was amortised over 10 years starting from financial year ended 30 June 2004.

However, for the financial year ended 30 June 2005, an adjustment was made to reflect HPK's land fair value at the date of acquisition of additional shares in HH. The fair value adjustment was based on the unamortised goodwill as at 30 June 2005 of RM4,871,227.

The fair value adjustment for the current financial year ended 30 June 2008 is therefore to reflect the correct fair value adjustment of RM6,089,035 instead of the fair value adjustment adjusted during financial year ended 30 June 2005.

Accordingly, the fair value undertaken up is accounted for prospectively in the current financial year with the corresponding increase in deferred tax on revaluation surplus.

8. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000 (Restated)
Non-current					
Trade receivables		12,735	-	-	-
Non-trade receivables	8.1	23,061	15,856	-	-
		<u>35,796</u>	<u>15,856</u>	<u>-</u>	<u>-</u>
Current					
Trade					
- Trade receivables		52,768	52,661	-	-
Less : Allowance for doubtful debts		(592)	(700)	-	-
		52,176	51,961	-	-
- Accrued billings		5,707	30,703	-	-
	8.2	<u>57,883</u>	<u>82,664</u>	<u>-</u>	<u>-</u>
Non-trade					
- Subsidiaries	8.3	-	-	200,667	196,401
- Deposits	8.4	8,056	967	55	97
- Prepayments		839	82	236	104
- Other receivables	8.5	428	1,056	203	130
- Dividend receivables		-	-	9,990	13,870
		<u>9,323</u>	<u>2,105</u>	<u>211,151</u>	<u>210,602</u>
		<u>67,206</u>	<u>84,769</u>	<u>211,151</u>	<u>210,602</u>

Notes To The Financial Statements

30 June 2008 (Cont'd)

8. Receivables, deposits and prepayments (Cont'd)

8.1 *Non-current non-trade receivables*

Non-current non-trade receivable of the Group represent portion of security deposits and financial assistances given by a subsidiary, Hunza Properties (North) Sdn. Bhd. ("HPN"), to third parties as mentioned below, which are unsecured, interest free and will not be repayable within the next 12 months in connection with the project management agreements entered between HPN and the two third parties. The non-current trade receivables represents the amount due from the third parties on HPN's share of profits before tax of the mixed development projects in accordance to the project management agreements entered into as mentioned below. The non-current trade receivables are unsecured, interest-free and will not be repayable within the next 12 months.

In 2005, HPN entered into an agreement with a third party, Diamaward (M) Sdn. Bhd. ("Diamaward") whereby Diamaward has appointed HPN as project manager and consultant to provide evaluation and advisory services on a mixed development project. HPN has agreed to provide a sum of RM35,000,000 as financial assistance to Diamaward for the mixed development project. In consideration of the services provided by HPN, HPN is entitled to 90% of the audited profit before tax from the mixed development project as fees. As of June 30, 2008, the amount of financial assistance advanced by HPN to Diamaward was RM15,003,154 (2007 : RM10,250,396).

During the financial year, Diamaward commenced the development of the mixed development project. HPN share of the profit before tax of the mixed development project as fees for the year ended 30 June 2008 amounted to RM12,734,605 (2007 : RM Nil).

In 2004, HPN had also entered into an agreement with another third party, Nilai Arif Sdn. Bhd. ("Nilai Arif") whereby Nilai Arif has appointed HPN as project manager and consultant to provide evaluation and advisory services on a mixed development project. HPN has agreed to provide a sum of RM3,500,000 as security deposit to Nilai Arif for the mixed development project. During the financial year ended June 30, 2007, the security deposit was revised to RM10,000,000. In consideration of the services provided by HPN, HPN is entitled to 80% of the audited profit before tax from the mixed development project as fees. As of June 30, 2008, the amount of security deposit provided by HPN to Nilai Arif was RM8,059,964 (2007 : RM5,606,024). No share of profit before tax was recorded for the year ended 30 June 2008 under this agreement as the said project still at preliminary stage of development.

8.2 *Trade receivables*

The credit periods granted by the Group for progress billings are 14 to 21 days (2007 : 14 to 21 days), for sales of completed development properties are 14 to 90 days (2007 : 14 to 90 days) and for sale of building materials are 30 to 60 days (2007 : 30 to 60 days).

8.3 *Amount due from subsidiaries*

The amount due from subsidiaries arose mainly from term loans and short-term borrowings obtained by the Company and certain subsidiaries from local banks and the Company's internally generated funds, which are used to finance the subsidiaries' property development activities. The interest expenses on the term loans and short-term borrowings are allocated to the subsidiaries proportionately based on the outstanding amount due from subsidiaries to the Company at average interest rate of 3.71% (2007 : 5.10%) per annum.

The amount due from subsidiaries is unsecured and repayable on demand.

8.4 *Deposits*

Included in deposits of the Group is an amount of RM6,485,000 (2007 : RM Nil) which represent deposits paid for the purchase of land for future development by a subsidiary. The transaction was completed on 22 July 2008.

8.5 *Other receivables*

Included in other receivables of the Group and the Company are amount of RM184,354 (2007 : RM147,267) and RM184,354 (2007 : RM130,354) respectively due from a company in which a Director has financial interest.

Notes To The Financial Statements

30 June 2008 (Cont'd)

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the followings :

Group	Assets		Liabilities		Net	
	2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000 (Restated)
Property, plant and equipment						
- capital allowances	(10)	(16)	(125)	(137)	(135)	(153)
- revaluation	-	-	(267)	(316)	(267)	(316)
Tax loss carry-forwards	274	-	-	-	274	-
Fair value adjustment (Note 7.1)	-	-	(1,218)	-	(1,218)	-
Others	199	182	-	43	199	225
Net deferred tax assets/(liabilities)	463	166	(1,610)	(410)	(1,147)	(244)
Company						
Property, plant and equipment						
- capital allowances	-	-	(86)	(79)	(86)	(79)
- revaluation	-	-	(80)	(94)	(80)	(94)
Provisions	-	-	-	33	-	33
Total deferred tax liabilities	-	-	(166)	(140)	(166)	(140)

The component and movement of deferred tax assets/(liabilities) during the year are as follows :

Group	Recognised in the income statement			Recognised in the income statement			
	At 1 July 2006 RM'000	(Note 25) RM'000	Reversal to revaluation reserve RM'000	At 30 June 2007 RM'000 (Restated)	(Note 25) RM'000	Fair value adjustment RM'000	At 30 June 2008 RM'000 (Restated)
<i>Deferred tax assets</i>							
Property, plant and equipment							
- capital allowances	-	(16)	-	(16)	6	-	(10)
Tax losses carry-forwards	-	-	-	-	274	-	274
Others	25	157	-	182	17	-	199
	25	141	-	166	297	-	463
<i>Deferred tax liabilities</i>							
Property, plant and equipment							
- capital allowances	(130)	(7)	-	(137)	12	-	(125)
- revaluation	(422)	92	14	(316)	49	-	(267)
Fair value adjustment	-	-	-	-	-	(1,218)	(1,218)
Others	33	10	-	43	(43)	-	-
	(519)	95	14	(410)	18	(1,218)	(1,610)
Net deferred tax liabilities	(494)	236	14	(244)	315	(1,218)	(1,147)
Company							
<i>Deferred tax liabilities</i>							
Property, plant and equipment							
- capital allowances	-	(79)	-	(79)	(7)	-	(86)
- revaluation	(114)	12	8	(94)	14	-	(80)
Provisions	-	33	-	33	(33)	-	-
Net deferred tax liabilities	(114)	(34)	8	(140)	(26)	-	(166)

Notes To The Financial Statements

30 June 2008 (Cont'd)

9. Deferred tax assets/(liabilities) (Cont'd)

Unrecognised deferred tax assets

No deferred tax has been recognised for the following items :

	Group	
	2008 RM'000	2007 RM'000
Taxable temporary differences	(16)	(33)
Tax loss carry-forwards	337	380
Unabsorbed capital allowances	-	8
Others	38	37
	359	392

The tax loss carry-forwards and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The comparative figures have been restated to reflect the revised tax loss carry-forwards and unabsorbed capital allowances available to the Group.

10. Inventories - Group

	2008 RM'000	2007 RM'000
At cost		
Completed development properties	39,593	31,871
Building materials	73	87
	39,666	31,958

Certain inventories of completed development properties of the Group with a total carrying amount of RM13,831,458 (2007 : RM1,459,531) were pledged to a local bank for credit facility granted as mentioned in Note 16 to the financial statements.

11. Property development costs - Group

	Note	2008 RM'000	2007 RM'000
At 1 July			
Freehold land		91,303	60,317
Development costs		150,167	124,575
Accumulated costs charged to income statement		(112,123)	(69,309)
		129,347	115,583
Add :			
Development costs incurred during the year	11.1	114,739	99,001
Purchase of freehold land		-	32,783
Transfer from property, plant and equipment		11,680	-
Transfer from land held for property development		881	1,328
		127,300	133,112
Less :			
Costs charged to income statement		(144,329)	(97,245)
Transfer to completed development properties		(13,831)	(22,103)
		(158,160)	(119,348)
At 30 June *		98,487	129,347

Notes To The Financial Statements

30 June 2008 (Cont'd)

11. Property development costs - Group (Cont'd)

	Note	2008 RM'000	2007 RM'000
* This amount comprises :			
Freehold land	11.2	82,542	91,303
Development costs		143,740	150,167
Accumulated costs charged to income statement		(127,795)	(112,123)
		<u>98,487</u>	<u>129,347</u>

11.1 Development costs incurred during the year

Included in the development costs incurred during the year are the following costs :

	2008 RM'000	2007 RM'000
Director's emoluments	315	360
Interest expense	6,838	8,293
Employee benefits expense	3,317	2,903

11.2 Security

Certain parcels of freehold land of the Group with a total cost of RM77,972,465 (2007 : RM83,862,952) are pledged to banks as securities for credit facilities granted as disclosed in Note 16 to the financial statement.

11.3 Estimates and judgements

The Group recognised property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date compared to the estimated total property development costs.

Significant judgment is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

12. Cash and cash equivalents

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term deposits with					
- licensed banks		1,616	1,363	-	-
- financial institutions		1,042	674	-	-
	12.1	<u>2,658</u>	<u>2,037</u>	<u>-</u>	<u>-</u>
Cash and bank balances	12.2	70,340	23,331	1,593	11,298
		<u>72,998</u>	<u>25,368</u>	<u>1,593</u>	<u>11,298</u>

12.1 Short term deposits

Included in short term deposits of the Group is an amount of RM1,965,113 (2007 : RM1,856,217) representing sinking fund placed on behalf of housebuyers.

Included also in the short term deposits of the Group is an amount of RM500,000 (2007 : RM Nil) which is pledged to a licensed bank for bank guarantee facility granted to a subsidiary.

12.2 Cash and bank balances

Included in cash and bank balances of the Group is an amount of RM50,216,602 (2007 : RM8,064,692) the utilisation of which is subject to Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

Notes To The Financial Statements

30 June 2008 (Cont'd)

13. Share capital - Group/Company

	2008		2007	
	No. of shares '000	Amount RM'000	No. of shares '000	Amount RM'000
Authorised :				
Ordinary shares of RM1 each	500,000	500,000	500,000	500,000
Issued and fully paid :				
Ordinary shares of RM1 each				
Balance at 1 July	135,351	135,351	115,787	115,787
Issue of shares pursuant to exercise of warrants	11,941	11,941	19,417	19,417
Share options exercised	35	35	147	147
Balance at 30 June	147,327	147,327	135,351	135,351

The Company has also issued share options under ESOS to subscribe for the ordinary shares of the Company (see Note 18 to the financial statements).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the treasury shares held by the Company (see Note 14 to the financial statements), all rights are suspended until those shares are reissued.

14. Treasury shares - Group/Company

The shareholders of the Company, by a special resolution passed during the Extraordinary General Meeting held on 12 April 2001, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. This mandate requires annual renewal and was extended at the Annual General Meeting held on 12 December 2007.

During the financial year, the Company repurchased 1,389,700 (2007 : 1,000) of its issued share capital from the open market at an average price of RM2.49 (2007 : RM2.23) per share. The total consideration paid was RM3,462,225 (2007 : RM2,227) including transaction costs of RM13,865 (2007 : RM Nil). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

As at 30 June 2008, a total of 1,506,200 (2007 : 116,500) ordinary shares were held as treasury shares. The number of outstanding ordinary shares of RM1 each in issue after deducting the treasury shares held is 145,820,824 (2007 : 135,234,156). Treasury shares held have no rights to voting, dividends and participation in other distribution.

There was no resale of treasury shares during the financial year. Details of the resale of treasury shares in previous financial year are as follows :

	Average resale price RM	Highest resale price RM	Lowest resale price RM	Number of treasury shares	Total consideration received RM'000
April 2007	2.63	2.68	2.62	2,000,000	* 5,243

* After deducting transaction cost of RM17,000

Notes To The Financial Statements

30 June 2008 (Cont'd)

15. Reserves

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable					
Share premium	15.1	31,084	25,093	31,084	25,093
Revaluation reserve	15.2	436	472	240	268
		<u>31,520</u>	<u>25,565</u>	<u>31,324</u>	<u>25,361</u>
Distributable					
Retained earnings		130,810	95,519	9,002	15,704
		<u>162,330</u>	<u>121,084</u>	<u>40,326</u>	<u>41,065</u>

15.1 Share premium

Share premium of the Company arose from allotment of ordinary shares at premium and on sale of treasury shares, net of amount capitalised for bonus issue and payment of share issue expenses.

15.2 Revaluation reserve

The revaluation reserve relates to the revaluation of the Group's freehold office units and renovation.

15.3 Section 108 tax credit

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

During the year, the Company had made an irrevocable option to forego its Section 108 tax credit available and pay single tier dividend to its shareholders from its entire distributable reserves. As for the subsidiaries, the available Section 108 tax credit will be utilised until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

16. Borrowings

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
Unsecured :				
Term loans	45,000	40,000	45,000	40,000
Bankers' acceptances	990	2,175	-	-
Bank overdrafts	-	662	-	-
	<u>45,990</u>	<u>42,837</u>	<u>45,000</u>	<u>40,000</u>
Secured :				
Term loans	7,403	11,389	-	-
Revolving credit	8,897	5,000	8,000	5,000
Bank overdrafts	929	2,279	246	-
	<u>17,229</u>	<u>18,668</u>	<u>8,246</u>	<u>5,000</u>
Finance lease liabilities	129	130	-	-
	<u>63,348</u>	<u>61,635</u>	<u>53,246</u>	<u>45,000</u>

Notes To The Financial Statements

30 June 2008 (Cont'd)

16. Borrowings (Cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current				
Term loans - secured	51,000	60,000	-	-
- unsecured	30,000	75,000	30,000	75,000
Finance lease liabilities	90	219	-	-
	<u>81,090</u>	<u>135,219</u>	<u>30,000</u>	<u>75,000</u>

16.1 Terms and debts repayment schedule

	Year of maturity	Total RM'000	Within 1	1 - 2	2 - 5
			year RM'000	years RM'000	years RM'000
Group					
2008					
Term loans - secured	2013	58,403	7,403	12,000	39,000
- unsecured	2009 - 2010	75,000	45,000	30,000	-
Bank overdrafts - secured	2009	929	929	-	-
Bankers' acceptances	2009	990	990	-	-
Revolving credit	2009	8,897	8,897	-	-
Finance lease liabilities	2008 - 2010	219	129	90	-
		<u>144,438</u>	<u>63,348</u>	<u>42,090</u>	<u>39,000</u>
2007					
Term loans - secured	2008 - 2013	71,389	11,389	9,000	51,000
- unsecured	2008 - 2010	115,000	40,000	45,000	30,000
Bank overdrafts - secured	2008	2,279	2,279	-	-
- unsecured	2008	662	662	-	-
Bankers' acceptances	2008	2,175	2,175	-	-
Revolving credit	2008	5,000	5,000	-	-
Finance lease liabilities	2008 - 2010	349	130	129	90
		<u>196,854</u>	<u>61,635</u>	<u>54,129</u>	<u>81,090</u>
Company					
2008					
Term loans - unsecured	2009 - 2010	75,000	45,000	30,000	-
Revolving credit - secured	2009	8,000	8,000	-	-
Bank overdraft - secured	2009	246	246	-	-
		<u>83,246</u>	<u>53,246</u>	<u>30,000</u>	<u>-</u>
2007					
Term loans - unsecured	2008 - 2010	115,000	40,000	45,000	30,000
Revolving credit - secured	2008	5,000	5,000	-	-
		<u>120,000</u>	<u>45,000</u>	<u>45,000</u>	<u>30,000</u>

Notes To The Financial Statements

30 June 2008 (Cont'd)

16. Borrowings (Cont'd)

16.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2008			2007		
	Payments RM'000	Interest RM'000	Principal RM'000	Payments RM'000	Interest RM'000	Principal RM'000
Group						
Less than 1 year	136	7	129	145	15	130
Between 1 and 5 years	92	2	90	229	10	219
	<u>228</u>	<u>9</u>	<u>219</u>	<u>374</u>	<u>25</u>	<u>349</u>

16.3 Interest rates

The Group's and the Company's unsecured term loans represent collateralised loan obligations of RM45,000,000 and RM30,000,000 which are repayable on June 2009 and September 2010 respectively.

The Group's and the Company's unsecured term loans bear interests at fixed rates ranging from 6.85% to 7.13% (2007 : 6.5% to 7.13%) per annum. The Group's secured long-term loans obtained from local banks bear interests at a rate of 0.87% (2007 : 0.87%) above the bankers' cost of funds and 1.25% (2007 : 1.25%) per annum above the lenders' base lending rates.

The Group's bankers' acceptance bear interests at rates ranging from 1.25% to 2.00% (2007 : 1.25% to 2.00%) per annum above the lending bank's cost of funds. The Group's and the Company's bank overdrafts bear interests at rates ranging from 1.00% to 1.50% (2007 : 1.50%) per annum above the lenders' base lending rates. The Group's and the Company's revolving credit bear interest at a rate of 1.25% (2007 : 1.25%) per annum above the banker's cost of funds.

The Company's term loans, bank overdraft and revolving credit are utilised by certain subsidiaries. Accordingly the interest expenses on these banking facilities of the Company are allocated to the subsidiaries as follows :

	Company	
	2008 RM'000	2007 RM'000
Term loans	6,305	7,813
Bank overdraft	42	91
Revolving credit	<u>432</u>	<u>473</u>

Finance lease liabilities are subject to fixed interest rates ranging from 2.46% to 6.72% (2007 : 2.46% to 6.72%) per annum.

16.4 Security

The secured term loans, bankers' acceptances and bank overdrafts are secured by the following :

- i) legal charge over certain freehold lands, freehold office units and buildings and certain freehold land under property development projects and investment properties;
- ii) negative pledge over the unencumbered assets of the subsidiaries;
- iii) fixed and floating charge over the property, plant and equipment of the subsidiaries; and
- iv) corporate guarantees by the Company.

The Group finance lease liabilities are secured by the financial institution charge over the assets acquired under finance lease.

Notes To The Financial Statements

30 June 2008 (Cont'd)

17. Payables and accruals

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade					
- Trade payables	17.1	19,063	27,933	-	-
- Progress billings		10,743	-	-	-
		<u>29,806</u>	<u>27,933</u>	<u>-</u>	<u>-</u>
Non-trade					
- Subsidiaries	17.2	-	-	23,705	22,485
- Other payables	17.3	5,515	4,075	15	34
- Accrued expenses		15,494	7,427	1,331	1,400
- Dividend payable		5,407	4,936	5,407	4,936
		<u>26,416</u>	<u>16,438</u>	<u>30,458</u>	<u>28,855</u>
		<u>56,222</u>	<u>44,371</u>	<u>30,458</u>	<u>28,855</u>

17.1 Trade payables

The Group's normal credit terms for trade payables range from 14 to 60 days (2007 : 14 to 60 days).

17.2 Amount due to subsidiaries

The non-trade amount due to subsidiaries is unsecured, interest-free and repayable on demand.

17.3 Other payables

Included in other payables of the Group and of the Company is amount of RM7,990 (2007 : RM Nil) due to a company in which a Director has substantial financial interest.

18. Employee benefits - Group/Company

Share-based payments

On 27 November 2001, the Group established a share option programme that entitles Directors and employees of the Company and its subsidiaries to purchase shares in the Company.

The share options outstanding as at 1 July 2006 were all vested. As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to these grants.

Notes To The Financial Statements

30 June 2008 (Cont'd)

18. Employee benefits - Group/Company (Cont'd)

The number and weighted average exercise price of share options are as follows :

	Weighted average exercise price		Number of options	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Outstanding at 1 July	1.55	1.45	58,300	280,400
Lapsed during the year	1.27	1.54	(300)	(75,000)
Exercised during the year	1.56	1.37	(35,000)	(147,100)
Outstanding/exercisable at 30 June			<u>23,000</u>	<u>58,300</u>

The options outstanding at 30 June 2008 have an exercise price at the range of RM1.45 to RM1.56 and average remaining contractual life of 2 years and 5 months.

During the year, 35,000 (2007 : 147,100) share options were exercised. The weighted average share price for the year was RM2.49 (2007 : RM2.09).

19. Revenue

	Group		Company	
	2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000 (Restated)
Property development revenue	209,139	152,202	-	-
Sale of completed development properties	10,060	17,265	-	-
Sale of building materials	25,820	16,991	-	-
Royalty charges	84	208	-	-
Gross dividend income from :				
- Investment in quoted warrants	-	2	-	2
- Investment in quoted shares in Malaysia	30	1	30	1
- Investments in subsidiaries	-	-	15,079	31,000
Interest income from :				
- Subsidiaries	-	-	6,779	8,376
- Surplus funds placed with financial institutions	125	-	125	-
- Investment in unit trust fund	17	497	17	497
Management fees	-	-	147	147
	<u>245,275</u>	<u>187,166</u>	<u>22,177</u>	<u>40,023</u>

20. Cost of sales - Group

	2008 RM'000	2007 RM'000 (Restated)
Property development expenses	144,329	97,245
Cost of completed development properties	6,616	11,579
Cost of building materials	24,403	14,838
Post completion cost	(1,436)	(6,078)
	<u>173,912</u>	<u>117,584</u>

Notes To The Financial Statements

30 June 2008 (Cont'd)

21. Operating profit

Operating profit has been arrived at :

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
After charging :				
Audit fee :				
Current year	151	143	27	23
(Over)/Under provision in prior year	(1)	12	3	3
Directors' remuneration :				
Directors of the Company :				
- Fee :				
Current year	348	248	177	128
Under provision in prior year	67	43	30	13
- Other emoluments	3,227	2,336	886	607
Other Directors:				
- Fee :				
Current year	43	46	-	-
Under provision in prior year	8	11	-	-
- Other emoluments	117	115	-	-
Allowance for diminution in value of investment in				
- Subordinated bond	1,544	2,667	1,544	2,667
- Unit trust funds	-	432	-	432
- Quoted shares in Malaysia	659	143	659	143
Depreciation of property, plant and equipment (Note 3)	732	750	184	177
Allowance for doubtful debts	-	417	-	-
Property, plant and equipment written off	76	48	42	-
Rental of :				
- Premises	38	14	-	-
- Office equipment	2	4	-	-
Preliminary expenses	2	4	-	-
Loss on disposal of investment in quoted shares	69	-	69	-
After crediting :				
Fair value adjustment on investment properties	-	2,900	-	-
Interest income on :				
- Late payments	73	138	-	-
- Surplus funds placed with financial institutions	834	107	125	-
Gain on disposal of property, plant and equipment	54	218	-	-
Rental income on :				
- Premises	440	104	36	36
- Land/Oil palm plantation	60	60	-	-
- Office equipment	18	18	18	18
Gain on disposal of investment in :				
- Quoted shares in Malaysia	-	38	-	38
- Quoted warrants	-	38	-	38
- Unit trust	319	-	319	-
Gain on redemption of subordinated bonds	67	-	67	-
Recognition of reserve on consolidation	-	12	-	-
Reversal of allowance for diminution in unit trust	432	-	432	-
Reversal of allowance for doubtful debts	108	-	-	-

Notes To The Financial Statements

30 June 2008 (Cont'd)

22. Key management personnel compensation

The key management personnel compensations are as follows :

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of the Company				
- Fees	415	291	207	141
- Remunerations	2,814	2,037	886	607
- Other short term employees benefits (including estimated monetary value of benefits-in-kind)	20	46	20	46
- Contributions to EPF	413	299	-	-
Other Directors				
- Fees	51	57	-	-
- Remunerations	115	107	-	-
- Contributions to EPF	2	8	-	-
- Other emoluments	315	360	-	-
	<u>4,145</u>	<u>3,205</u>	<u>1,113</u>	<u>794</u>

There are no other key management personnel, other than all the Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

23. Employee information

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Personnel expenses (excluding key management personnel)	5,778	5,541	846	614
Less : Capitalised under property development costs (Note 11)	(3,317)	(2,903)	-	-
Charged to income statements	<u>2,461</u>	<u>2,638</u>	<u>846</u>	<u>614</u>

Personnel expenses of the Group and of the Company included contributions to Employees' Provident Fund of RM494,547 (2007 : RM433,939) and RM59,871 (2007 : RM48,784) respectively.

24. Financing costs

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest paid and payable on :				
- Revolving credits	100	-	432	473
- Term loans	1,214	-	6,305	7,813
- Bank overdrafts	20	81	42	90
- Finance lease liabilities	16	21	-	-
- Others	3	-	-	-
	<u>1,353</u>	<u>102</u>	<u>6,779</u>	<u>8,376</u>

Notes To The Financial Statements

30 June 2008 (Cont'd)

25. Tax expense

Recognised in the income statements

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense				
- current year	19,002	15,988	3,329	7,906
- prior years	593	(520)	(87)	(472)
Total current tax	19,595	15,468	3,242	7,434
Deferred tax expense				
- origination and reversal of temporary differences	(290)	(158)	1	46
- prior years	24	-	39	-
- revaluation surplus	(49)	(78)	(14)	(12)
Total deferred tax (Note 9)	(315)	(236)	26	34
Total tax expense	<u>19,280</u>	<u>15,232</u>	<u>3,268</u>	<u>7,468</u>

Reconciliation of effective tax expense

Profit for the year	49,061	42,269	6,439	18,627
Total tax expense	19,280	15,232	3,268	7,468
Profit excluding tax	<u>68,341</u>	<u>57,501</u>	<u>9,707</u>	<u>26,095</u>
Tax at Malaysian tax rate of 26% (2007 : 27%)	17,769	15,525	2,523	7,046
Effect of lower tax rate for certain subsidiaries *	(149)	-	-	-
Effect of change in tax rate **	14	(402)	(3)	-
Non-deductible expenses	1,180	1,710	849	1,050
Non-taxable income	(131)	(855)	(39)	(156)
Tax losses not available for set-off	38	-	-	-
Reversal of deferred tax on revaluation surplus	(49)	-	(14)	-
Utilisation of net deferred tax asset not recognised previously	(9)	(327)	-	-
Real property gains tax	-	101	-	-
	<u>18,663</u>	<u>15,752</u>	<u>3,316</u>	<u>7,940</u>
Under/(Over) provided in prior years	617	(520)	(48)	(472)
	<u>19,280</u>	<u>15,232</u>	<u>3,268</u>	<u>7,468</u>

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

** The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

Notes To The Financial Statements

30 June 2008 (Cont'd)

26. Earnings per ordinary share - Group

Basic earnings per ordinary share

The basic earnings per ordinary share has been calculated based on the net profit attributable to shareholders for the year of RM48,424,000 (2007 : RM39,244,000) and on the weighted average number of ordinary shares of RM1 each in issue during the year of 140,244,220 (2007 : 117,168,017) calculated as follows :

	2008 '000	2007 '000
Issued ordinary shares at beginning of year	135,351	115,787
Effect of exercise of share options during the year	21	48
Effect of exercise of warrants	5,919	3,071
Weighted average number of outstanding treasury shares	(1,047)	(1,738)
Weighted average number of ordinary shares at 30 June	140,244	117,168

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net profit attributable to shareholders of RM48,424,000 (2007 : RM39,244,000) and on the weighted average number of ordinary shares of RM1 each outstanding during the year of 144,401,686 (2007 : 123,493,726) as follows :

	2008 '000	2007 '000
Weighted average number of ordinary shares	140,244	117,168
Dilution impact of unexercised share options	9	15
Dilution impact of unexercised warrants	4,149	6,311
Weighted average number of ordinary shares (diluted) at 30 June	144,402	123,494

27. Dividends - Group/Company

	2008 RM'000	2007 RM'000
<i>In respect of financial year ended 30 June 2006</i>		
First and final dividend of 7.5 sen per ordinary share less 28% tax paid on 24 January 2007	-	6,226
<i>In respect of financial year ended 30 June 2007</i>		
Interim dividend of 5 sen per ordinary share less 27% tax paid on 16 July 2007	-	4,936
Final dividend of 7.5 sen per ordinary share less 26% tax paid on 21 January 2008	7,775	-
<i>In respect of financial year ended 30 June 2008</i>		
First interim single-tier exempt dividend of 3.7 sen per ordinary share paid on 22 July 2008	5,394	-
	13,169	11,162

Notes To The Financial Statements

30 June 2008 (Cont'd)

27. Dividends - Group/Company (Cont'd)

At the forthcoming Annual General Meeting, a final single-tier exempt dividend of 5.5 sen in respect of the financial year ended 30 June 2008 will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which, when approved by shareholders, will be accounted for as an appropriation of retained earnings from shareholders' funds in the financial year ending 30 June 2009.

The dividends per ordinary share as disclosed in the income statements take into account the proposed final dividend for the year.

28. Contingent liabilities, unsecured - Company

- i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM158.93 million (2007 : RM155.6 million) of which RM71.66 million (2007 : RM82.3 million) was utilised as at balance sheet date.
- ii) The Company has issued corporate guarantees to financial institutions for banking facilities granted to a third party up to a limit of RM25 million (2007 : RM25 million) of which RM11.5 million (2007 : RM13.1 million) was utilised as at balance sheet date.
- iii) The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiaries up to limit of RM9.3 million (2007 : RM1.5 million) of which RM0.8 million (2007 : RM0.1 million) was utilised as at balance sheet date.
- iv) The Company also undertakes to provide financial support for certain subsidiaries to enable them to continue as a going concern.

29. Commitments

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Contracted but not provided for	30	105	30	30
Land held for property development				
Contracted but not provided for	14,800	-	-	-

The Group, via a subsidiary has entered into an agreement with a third party (as disclosed in Note 8) to provide a sum of RM35,000,000 as financial assistance for a mixed development project where the subsidiary acts as project manager. As at 30 June 2008, the amount of financial assistance advanced is RM15,003,154 (2007 : RM10,250,396).

The subsidiary also entered into an agreement with another third party (as disclosed in Note 8) to provide a sum of RM10,000,000 as security deposit to the third party for a mixed development project undertaken where the subsidiary acts as project manager. As at 30 June 2008, the amount of security deposit provided is RM8,059,964 (2007 : RM5,606,024).

30. Material litigations

- a) Hunza Parade Development Sdn. Bhd. ("HPD"), a 92.5% owned subsidiary, has filed a civil suit against the trustees of Kwangtung and Tengchow Association, Penang (the "Association") on the wrongful termination and repudiation of a joint venture agreements (the "JV Agreement") by the Association which has the effect of preventing HPD from undertaking the development of a commercial block. The claims made by HPD against the Association in the subject proceedings are, inter alia for :
 - i) a sum of RM31.8 million for loss of profits consequential upon the wrongful termination and repudiation of the JV Agreements; and

Notes To The Financial Statements

30 June 2008 (Cont'd)

30. Material litigations (Cont'd)

- ii) a sum of RM4.8 million being damages in respect of actual cost and expenses incurred by HPD pursuant to the JV Agreements.

The matter is now pending case management which was fixed on 11 November 2008 and thereafter setting down for trial.

The solicitors for HPD are of the opinion that HPD has a proper and valid case of action against the Association with reasonable chances of succeeding in its claims against the Association.

- b) On 19 December 2007, Hunza Properties (North) Sdn. Bhd. ("HPN"), a wholly-owned subsidiary of the Company, has delivered a Statement of Claim against Wee Lian Construction Sdn. Bhd. ("WLC") for a claim of RM3.0 million as well as interest and costs.

The arbitration proceedings initiated by HPN against WLC are premised on WLC's wrongful termination of the contract and for the resolution of other disputes including those relating to WLC's substantial delays in the performance of the works and the value of their claims for interim payment in respect of earthworks and ancillary works for the development project by HPN.

HPN was served with the Points of Defence and Counterclaim by WLC on 4 February 2008 and HPN has on 17 March 2008 filed in the Points of Reply and Defence to Counterclaim. The tentative hearing date is on 4 November 2008.

HPN's solicitors are of the opinion that HPN has good arguable case against WLC.

- c) Hunza Properties (Kedah) Sdn. Bhd. ("HPK"), a 94% owned subsidiary of the Company, had on 18 June 2008, received a Writ of Summon dated 29 April 2008 served by Bong Ah Chin Machinery & Construction Sdn. Bhd. ("BACMC") for a claim of RM20.7 million as well as compensation, interest and other reliefs.

The legal proceeding initiated by BACMC against HPK is premised on HPK's alleged refusal to allow BACMC to extract minerals on part of land owned by HPK. The claims made by BACMC against HPK in the subject proceeding are, inter-alia for :

- i) a sum of RM20.7 million being loss of profits, setting cost and maintenance cost;
- ii) compensation consequential upon the breach of contract;
- iii) interest at a rate of 8% per annum to be calculated from the date of the Writ of Summon until the date of completion of this case; and
- iv) all other reliefs that may be deemed necessary and fair by the court.

HPK's defence which was filed on 9 July 2008 inter alia states that BACMC was never granted any exclusive contract to excavate, extract or purchase the earth or such material on the land and maintains that BACMC was only an ad hoc earthwork contractor appointed to carry out earth work at certain area of the land and their appointment can be terminated at the discretion of HPK as evidenced in past dealing.

HPK's solicitors have opined that the amount sought by BACMC is baseless and should be dismissed with costs and hence, HPK's solicitors are in the process of applying on behalf of HPK to strike out BACMC's claim.

Notes To The Financial Statements

30 June 2008 (Cont'd)

31. Related parties

31.1 For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationships with the followings :

- i) Subsidiaries of the Company as disclosed in the financial statements.
- ii) Directors of the Company and/or its subsidiaries and his/her family members.
- iii) Company in which a Director, Dato' Khor Teng Tong is also a Director and has financial interests; that is Hunza Consolidation Berhad.
- iv) Company in which a Director, Dato' Khor Teng Tong is also a Director and has substantial financial interests, and is a substantial shareholder of the Company; that is Khor Teng Tong Holdings Sdn. Bhd.
- v) Key management personnel of the Group :

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprised of all the Directors of the Group.

31.2 Related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows :

	2008 RM'000	2007 RM'000
Group		
<u>Transactions with Directors of the Company</u>		
Sales of development properties	-	3,604
Progress billing on sale of development property	1,397	1,668
<u>Transactions with Directors of subsidiaries</u>		
Sales of development property	-	2,833
Progress billing on sale of development property	129	129
<u>Transactions with related parties</u>		
Progress billing on sale of development property	766	170
Rental received and receivable	54	54
Trademark charges paid	8	8
Sales of development properties	-	3,335
Company		
<u>Transactions with subsidiaries</u>		
Interest allocated to	6,779	8,376
Interest allocated from	7	510
Management fee received	147	147
Purchase of property, plant and equipment	-	48
Sale of property, plant and equipment	2	1
Trademark charges allocation	8	8
Advances	3,720	-
<u>Transactions with related parties</u>		
Trademark charges	8	8
Rental received and receivable	54	54

Notes To The Financial Statements

30 June 2008 (Cont'd)

31. Related parties (Cont'd)

31.3 Non-trade balances with subsidiaries, holding company and related companies are disclosed in Note 8 and Note 17 to the financial statements.

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

32. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter segment pricing is determined on an arm's length basis.

Business segments

The Group comprises the following main business segments:

Property development	Development of residential and commercial properties
Trading	Trading of building material
Others	Investment holding, includes property investment

Geographical segments

No information on geographical segment is presented as the Group's business is operated solely in Malaysia.

	Investment holding RM'000	Property development RM'000	Trading RM'000	Elimination RM'000	Consolidated RM'000
2008					
Revenue from external customers	255	219,199	25,821	-	245,275
Inter-segment revenue	-	-	8,911	(8,911)	-
Total revenue	255	219,199	34,732	(8,911)	245,275
Segment results	16,289	74,220	1,251	(22,066)	69,694
Finance costs					(1,353)
Profit before tax					68,341
Tax expense					(19,280)
Profit for the year					49,061
Segment assets	127,257	388,185	16,690	-	532,132
Unallocated assets					3,471
Total assets					535,603
Segment liabilities	8,638	44,049	3,535	-	56,222
Unallocated liabilities					149,556
Total liabilities					205,778
Capital expenditure	13,408	215	-	-	13,623
Depreciation	207	519	6	-	732
Non-cash expenses other than depreciation	2,246	32	1	-	2,279

Notes To The Financial Statements

30 June 2008 (Cont'd)

32. Segment reporting (Cont'd)

	Investment holding RM'000	Property development RM'000	Trading RM'000	Elimination RM'000	Consolidated RM'000
2007					
Revenue from external customers	683	169,466	17,017	-	187,166
Inter-segment revenue	-	(1,489)	47	1,442	-
Total revenue	683	167,977	17,064	1,442	187,166
Segment results	28,890	57,486	1,591	(30,364)	57,603
Finance costs					(102)
Profit before tax					57,501
Tax expense					(15,232)
Profit for the year					42,269
Segment assets	154,530	354,827	12,781	-	522,138
Unallocated assets					3,128
Total assets					525,266
Segment liabilities	7,444	34,131	2,796	-	44,371
Unallocated liabilities					200,966
Total liabilities					245,337
Capital expenditure	82,055	41	-	-	82,096
Depreciation	199	541	10	-	750
Non-cash expenses other than depreciation	3,243	457	7	-	3,707

33. Financial instruments

Financial risk management objectives and policies

The Group and the Company's overall financial risk management objectives are to minimise adverse effects on the performance and to enhance shareholders' value. It is the Group and the Company's policy not to engage in any speculative activities. Exposure to credit, interest rate and liquidity risks are expected in the normal course of the Group's business.

Credit risk

Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as provided for in the sale and purchase agreements. For those sales on cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

As for the Group's trading activities, credit risk of is controlled by the application of credit approvals, limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer and counterparty nor does it have any major concentration of credit risk. The maximum exposure to credit risk of non property development activities and other receivables is represented by their carrying amounts in the balance sheet.

Interest rate risk

The Group's primary interest rate risk is related to debt obligations and deposits, which are mainly confined to bank borrowings and short term deposits with licensed banks or financial institutions.

Notes To The Financial Statements

30 June 2008 (Cont'd)

33. Financial instruments (Cont'd)

Interest rate risk (Cont'd)

Bank borrowings are on fixed and floating rates terms. The interest rates are negotiated in order to ensure that the Group benefits from the lowest possible financing costs.

The majority of the Group's excess fund is placed with reputable licensed banks and licensed financial institutions to generate interest income for the Group. In addition, the Group also invested some of its funds in unit trusts funds which has a credible investment record and adopts a prudent approach.

Liquidity risk

The Group regularly reviews its anticipated cash flow requirements, and ensures no funding gap. The Group maintains sufficient credit facilities for contingent funding requirement of working capital.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the years in which they reprice or mature, whichever is earlier.

	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
Group					
2008					
Financial assets					
<i>Fixed rate instrument</i>					
Fixed deposits placed with licensed banks/financial institution	3.44	2,658	2,658	-	-
Financial liabilities					
<i>Fixed rate instruments</i>					
Unsecured term loan	6.96	75,000	45,000	30,000	-
Finance lease liabilities	3.26	219	129	90	-
<i>Floating rate instruments</i>					
Secured term loan	4.88	58,403	58,403	-	-
Secured bank overdrafts	7.88	929	929	-	-
Secured revolving credits	5.30	8,897	8,897	-	-
Unsecured bankers' acceptance	8.63	990	990	-	-
2007					
Financial assets					
<i>Fixed rate instrument</i>					
Fixed deposits placed with licensed banks/financial institution	3.50	2,037	2,037	-	-

Notes To The Financial Statements

30 June 2008 (Cont'd)

33. Financial instruments (Cont'd)

Effective interest rates and repricing analysis (Cont'd)

	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2007 (Cont'd)					
Financial liabilities					
<i>Fixed rate instruments</i>					
Unsecured term loan	6.80	115,000	40,000	45,000	30,000
Finance lease liabilities	3.42	349	130	129	90
<i>Floating rate instruments</i>					
Secured term loan	5.34	71,389	71,389	-	-
Secured bank overdrafts	8.04	2,279	2,279	-	-
Unsecured bank overdrafts	8.75	662	662	-	-
Secured revolving credits	5.19	5,000	5,000	-	-
Unsecured bankers' acceptance	8.68	2,175	2,175	-	-

Company

2008

Financial liabilities

Fixed rate instrument

Unsecured term loan	6.96	75,000	45,000	30,000	-
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Floating rate instruments

Secured bank overdrafts	8.25	246	246	-	-
Secured revolving credits	5.25	8,000	8,000	-	-

2007

Financial liabilities

Fixed rate instrument

Unsecured term loan	6.80	115,000	40,000	45,000	30,000
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Floating rate instruments

Secured revolving credits	5.19	5,000	5,000	-	-
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Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, payables and short term bank borrowings approximate fair value due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks and non-financial institution for credit facilities extended to certain subsidiaries and a third party. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries and a third party defaulting on the credit lines is remote.

In respect of term loans with variable interest rate, the carrying amount approximate fair value as it is on floating rate and hence repriced to market interest rate for liabilities with similar risk portfolios.

Notes To The Financial Statements

30 June 2008 (Cont'd)

33. Financial instruments (Cont'd)

Fair values (Cont'd)

The aggregate fair value of the other financial assets and liabilities carried on the balance sheet as at 30 June are shown below :

Group	2008		2007	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Subordinated bonds #	5,956	5,956	8,833	8,833
Quoted shares	1,071	1,071	727	754
Unit trust funds	5,071	4,994	21,565	21,565
Long term receivables	35,796	*	15,856	*
Financial liabilities				
Finance lease liabilities **	90	90	219	219
Term loans @	133,403	133,403	186,389	186,389
Company				
Financial assets				
Subordinated bonds #	5,956	5,956	8,833	8,833
Quoted shares	1,071	1,071	727	727
Unit trust funds	5,071	4,994	21,565	21,565
Financial liability				
Term loans @	75,000	75,000	115,000	115,000

It is not practical to estimate the fair value of investment in subordinated bonds due to inability to estimate fair value without incurring excessive cost. The Directors believe that the carrying amount approximate the fair value.

* The fair value on long term receivable has not been computed as the timing of the repayment of these balances cannot be reasonably determined.

** The carrying amount of finance lease obligations approximates its fair values as there is no significant difference between the historical interest rate at the point when liability was undertaken and the current prevailing market interest rate.

@ The Directors believe that there is no significant difference between the fair value and carrying amount of term loans.

The fair value of the quoted shares and unit trust funds are their quoted market value at balance sheet date without deducting any transaction cost.

34. Significant events during the year and subsequent events - Group/Company

During the year,

34.1 The Company further subscribed 249,998 ordinary shares of RM1 each of the total issued and paid-up share capital of Hunza Properties (Gurney) Sdn. Bhd., a wholly owned subsidiary of the Company, for a total cash consideration of RM249,998.

34.2 A wholly owned subsidiary of the Company, Hunza Properties (Wilayah) Sdn. Bhd. has entered into a Sales and Purchase Agreement with third parties on 27 February 2008 is to acquire two pieces of freehold lands, located in Wilayah Persekutuan Kuala Lumpur, for a total cash consideration of RM21,285,130.

The transaction was completed on 22 July 2008.

Notes To The Financial Statements

30 June 2008 (Cont'd)

34. Significant events during the year and subsequent events - Group/Company (Cont'd)

34.3 The Company has on 17 August 2007, proposed a renounceable rights issue of up to 39,440,975 new ordinary shares of RM1 each in the Company on the basis of one rights share for every four existing ordinary shares of RM1 each held in the Company together with free detachable warrants of up to 39,440,975 for every one rights share subscribed ("proposed rights issue with warrants"). On 26 March 2008, the Company has obtained approval on extension of time of up to 3 October 2008 to implement the proposed rights issue with warrants.

On 19 September 2008, the Company has further applied for the extension of time up to 3 April 2009 to implement the proposed rights issue with warrants as mentioned above. The extension of time has been approved by the Securities Commission.

35. Comparative figures

Certain comparative figures have been reclassified and restated as a result of :

35.1 Conformance with current year's presentation and classification due to :

- i) Deferred tax assets inadvertently classified as current tax liabilities;
- ii) Separation of interest income and interest expenses which were previously netted off; and
- iii) Reclassification of expenses and income to better reflect the nature of those expenses and income.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheets				
Deferred tax assets	166	7	-	-
Current tax liabilities	3,702	3,543	-	-
Income statements				
Revenue	187,166	186,734	40,023	31,214
Cost of sales	(117,584)	(123,698)	-	-
Gross profit	69,582	63,036	40,023	31,214
Administrative expenses	(10,610)	(10,161)	-	-
Other operating expenses	(5,816)	-	(3,243)	(2,810)
Other operating income	4,860	5,141	-	-
Financing cost	-	-	(8,376)	-
Cash flow statements				
Operating profit before changes in working capital	57,692	58,106	-	-
Cash generated from/(used in) operation	74,541	60,328	(4,383)	2,736
Net cash generated from operating activities	61,486	47,478	4,001	2,744
Net cash used in investing activities	(106,787)	(75,158)	(17,266)	(14,802)
Net cash generated from financing activities	83,353	65,733	24,966	23,758

Notes To The Financial Statements

30 June 2008 (Cont'd)

35. Comparative figures (Cont'd)

35.2 Additional investments in a subsidiary inadvertently taken up as advances to the subsidiaries :

	Company	
	As restated RM'000	As previously stated RM'000
Balance sheet		
Investments in subsidiaries	68,851	58,951
Receivables, deposits and prepayments	210,602	220,502
Cash flow statement		
Cash flow from investing activities		
- Additional investment in a subsidiary	(9,990)	-
Changes in working capital		
- Receivables, deposits and prepayments	2,482	(7,418)

Statement By Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 33 to 81 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2008 and of the results of their operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Dato' Khor Teng Tong

Ooi Lay See
Penang,

Date : 20 October 2008

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Fong Yin Sian**, the officer primarily responsible for the financial management of **Hunza Properties Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 33 to 81 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 20 October 2008.

Fong Yin Sian

Before me :

CHEAH BENG SUN (No. P.103)
DJN, AMN, PKT, PJK, PJM, PK
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

Independent Auditors' Report To The Members Of Hunza Properties Berhad

Report on the Financial Statements

We have audited the financial statements of Hunza Properties Berhad, which comprise the balance sheets as at 30 June 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 81.

The financial statements of the preceding year were audited by another firm of auditors whose report dated 26 October 2007 expressed an unqualified opinion on those financial statements.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, 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 30 June 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 the following :

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG
AF : 0758
Chartered Accountants

Date : 20 October 2008
Penang

Lee Kean Teong
1857/02/10 (J)
Chartered Accountant

Group Properties

as at June 30, 2008

Location	Description of Property	Built-up Area	Land Area (approx.)	Existing Use	Tenure	Approx. age of Building (years)	Date of Last Revaluation/ Date of Acquisition	Net Book Value as at June 30, 2008 (approx.) (RM)
Properties held for Operational Purpose								
No. 5-4-8 to 5-4-11, Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Penang erected on Parent Lot No. 4744 as subdivided from Lot 4721 held under Grant Registration No. 57518, Section 5, Georgetown, North-East District, Penang	Four (4) renovated adjoining office units	5,180 sq. ft.	N/A	Office premise	Freehold	9	15.05.2005 #	1.47 million
No. 5-5-7 to 5-5-11, Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Penang erected on Parent Lot No. 4744 as subdivided from Lot 4721 held under Grant Registration No. 57518, Section 5, Georgetown, North-East District, Penang	Five (5) renovated adjoining office units	7,180 sq. ft.	N/A	Office premise	Freehold	9	15.05.2005 #	1.73 million
Properties held for Investment Purpose								
Lot Nos. 670 and 704, held under Grant No. 9671 and Grant Mukim No. 165 respectively, Mukim 9, Seberang Perai Selatan, Penang *	Part of agricultural land with development potential (1/3 unsubdivided portion)	N/A	7 acres ^	Vacant land held for investment purpose	Freehold	N/A	30.06.2008 #	2.5 million
Lot No. 1022 & 1023, held under Grant Nos. 43502 and 43503 respectively, Mukim 12, Seberang Perai Tengah, Penang	Vacant industrial zoned development land	N/A	36.87 acres	Vacant land held for investment purpose	Freehold	N/A	30.06.2008 #	20.0 million

Notes :

The dates here refer to the date of the last revaluation

* Lot 670 -1/3 shares, interest belonging to Masuka Bina Sdn. Bhd., a wholly-owned subsidiary company of Hunza Properties Berhad vide SPA dated 05-10-94

* Lot 704 -Masuka Bina Sdn. Bhd. is the registered owner of 1/3 of the said land

^ Represents 1/3 of the total land area

Group Properties

as at June 30, 2008 (Cont'd)

Location	Description of Property	Initial Land Area (approx.)	Existing Use	Tenure	Date of Last Revaluation/ Date of Acquisition	Carrying Value at Cost as at June 30, 2008 (approx.) (RM)
Properties held for Development Purpose+						
Lot 5532, 5537, 5538, 5539, 5764, Mukim of Sungai Petani District of Kuala Muda, Kedah@	Residential and commercial land	585 acres	For mixed development project	Freehold	1.10.1998	15.14 million
Lot 1004, Section 1, Georgetown, North-East District, Penang	First grade land	1 acre	Landbank	Freehold	1.10.1998	3.0 million
Lot 2083, 2085 & 4047, Mukim 6, Seberang Prai Utara, Penang@	First grade land	701 acres	For mixed development project	Freehold	15.11.2000	18.84 million
Lot 54, 55 & 120, Mukim 18, Daerah Timur Laut, Pulau Pinang*	First grade land	9 acres	For mixed residential gated community	Freehold	21.3.2001))) 16.4 million))
Lot 53 & 56, Mukim 18, Bandar Tanjung Bungah, Tempat Vale of Tempe, Daerah Timur Laut, Pulau Pinang*	First grade land	9 acres	For mixed residential gated community	Freehold	30.7.2001)))
Lot 2451, Lot 2452, Lot 62, Lot 2140, Lot 2141 & Lot 961, Mukim Kuala Lumpur, Tempat Sungai Serdang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan K.L.@	Agricultural land	15 acres	For mixed residential gated community	Freehold	5.5.2003))))) 45.04 million))
Lot 63, Mukim Kuala Lumpur, Tempat Sungai Serdang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan K.L.@	Agricultural land	1 acre	For mixed residential gated community	Freehold	27.8.2003)
Lot Nos. 39, 296, 1237, 1238, 2347 and 2349, all of Section 1, Town of Georgetown, North East District of Penang @	First grade land	10 acres	For mixed development project	Freehold	07.12.2004	104.25 million
Lot 1245, Section 1, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang	First Grade Land	0.4 acres	Landbank	Freehold	15.01.2008	4.8 million
Lot No. 2873 & 2874, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan	First Grade Land	6 acres	Landbank	Freehold	27.02.2008	7.3 million

Notes :

@ These lands are currently being developed, with corresponding sales to end-buyer

* These lands had been developed with Occupational Certificate obtained. The developer is in the process of applying for strata titles to be transferred to respective home owners

+ The above properties are held for development purpose, hence built-up area and age of building are not applicable

Analysis Of Shareholdings

as at October 13, 2008

STATISTICS ON ORDINARY SHAREHOLDINGS

Authorised	:	RM500,000,000
Issued and Fully Paid-Up	:	RM145,385,024 *
Class of Share	:	Ordinary Shares of RM1.00 each with equal voting rights
Number of Shareholders	:	2,598

* The issued and paid up capital is as per Record of Depositors as at October 13, 2008 exclusive of 1,942,000 treasury shares bought back.

ANALYSIS OF ORDINARY SHAREHOLDINGS

No. of Holders	Holdings	Total Holdings	%
325	Less than 100	6,007	0.00
898	100-1,000	738,465	0.51
1,063	1,001-10,000	3,987,796	2.74
228	10,001-100,000	7,193,497	4.95
79	100,001-7,269,251	72,572,969	49.92
5	7,269,252 and above	60,886,290	41.88
Total		145,385,024	100.00

STATISTICS ON WARRANTHOLDINGS

Unit of warrants issued	:	10,413,576
Number of warrant holders	:	1,336

ANALYSIS OF WARRANTHOLDINGS

No. of Holders	Holdings	Total Holdings	%
380	Less than 100	7,559	0.07
477	100-1,000	249,496	2.40
318	1,001-10,000	1,316,541	12.64
149	10,001-100,000	4,468,432	42.91
9	100,001- 520,679	1,515,948	14.56
3	520,680 and above	2,855,600	27.42
Total		10,413,576	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Substantial Shareholders	No. of Ordinary Shares		
	Direct	Indirect	Total %
Hunza Usaha Sdn. Bhd.	7,725,000	-	5.31
Lembaga Tabung Haji	12,072,000	-	8.30
Yayasan Bumiputra Pulau Pinang Bhd	10,893,666	-	7.49
Taman Nibong Tebal Sendirian Berhad	10,650,792	-	7.33
Khor Teng Tong Holdings Sdn. Bhd.	43,745,657	22,763,172 ¹	45.75
Mandin Garden Sendirian Berhad	2,923,577	18,375,792 ²	14.65
Dato' Khor Teng Tong	11,133,774	66,508,829 ³	53.40
Khor Siang Gin	683,700	10,650,792 ⁴	7.80

Notes :

1. Deemed interested by virtue of its substantial shareholding in Mandin Garden Sendirian Berhad, Hunza Usaha Sdn. Bhd., Taman Nibong Tebal Sendirian Berhad and Jaya Sri Rambai Sdn. Bhd.
2. Deemed interested by virtue of its substantial shareholding through Taman Nibong Tebal Sendirian Berhad and Hunza Usaha Sdn. Bhd.
3. Deemed interested by virtue of his substantial shareholding in Hunza Usaha Sdn. Bhd., Khor Teng Tong Holdings Sdn. Bhd., Mandin Garden Sendirian Berhad, Taman Nibong Tebal Sendirian Berhad and Jaya Sri Rambai Sdn. Bhd.
4. Deemed interested by virtue of his substantial shareholding in Taman Nibong Tebal Sdn. Bhd.

Analysis Of Shareholdings

as at October 13, 2008 (Cont'd)

LIST OF TOP 30 SHAREHOLDERS

No.	Shareholders	No. of Ordinary Shares Held	%
1.	Khor Teng Tong Holdings Sdn. Bhd.	16,945,624	11.66
2.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Beneficiary : CIMB Bank For Khor Teng Tong Holdings Sdn. Bhd. (Retail Banking)	13,250,000	9.11
3.	Lembaga Tabung Haji	12,072,000	8.30
4.	EB Nominees (Tempatan) Sendirian Berhad Beneficiary : Pledged Securities Account For Yayasan Bumiputra Pulau Pinang Berhad	10,893,666	7.49
5.	Hunza Usaha Sdn. Bhd.	7,725,000	5.31
6.	Khor Teng Tong	6,576,800	4.52
7.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Beneficiary : Khor Teng Tong Holdings Sdn. Bhd. For Taman Nibong Tebal Sendirian Berhad	5,916,666	4.07
8.	Taman Nibong Tebal Sendirian Berhad	4,734,126	3.26
9.	Khor Teng Tong	4,556,974	3.13
10.	Ooi Lay See	4,089,081	2.81
11.	Khor Peng Seah	3,190,000	2.19
12.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Khor Teng Tong Holdings Sdn. Bhd.	2,958,333	2.03
13.	Khor Teng Tong Holdings Sdn. Bhd.	2,950,000	2.03
14.	Mandin Garden Sendirian Berhad	2,461,200	1.69
15.	Khor Teng Tong Holdings Sdn. Bhd.	2,380,000	1.64
16.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pheim Asset Management Sdn. Bhd. For Employees Provident Fund	2,313,000	1.59
17.	Cartaban Nominees (Asing) Sdn. Bhd. Beneficiary : Exempt An For RBC Dexia Investor Services Trust (Clients Account)	1,716,500	1.18
18.	Amsec Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Khor Teng Tong Holdings Sdn. Bhd.	1,650,000	1.13
19.	ECML Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Khor Teng Tong Holdings Sdn. Bhd.	1,559,000	1.07
20.	Jaya Sri Rambai Sdn. Bhd.	1,463,803	1.01
21.	Citigroup Nomines (Asing) Sdn. Bhd. Beneficiary : Goldman Sachs International	1,442,900	0.99
22.	Khor Teng Tong Holdings Sdn. Bhd.	1,427,700	0.98
23.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Ooi Lay See	1,400,000	0.96
24.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Beneficiary : Public Islamic Opportunities Fund	1,218,000	0.84
25.	Citigroup Nominees (Asing) Sdn. Bhd. Beneficiary : CBNY For DFA Emerging Markets Fund	1,033,300	0.71
26.	Cimsec Nominees (Asing) Sdn. Bhd. Beneficiary : Aliza Abdul Rahim Nee Lum Kok Chun	1,000,000	0.69
27.	HLB Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Khor Siang Gin	683,700	0.47
28.	Cartaban Nominees (Asing) Sdn. Bhd. Beneficiary : Exempt An For Credit Suisse Securities (Europe) Limited (Non Treaty CLT)	650,000	0.45
29.	Ooi Lay See	640,975	0.44
30.	Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Khor Teng Tong Holdings Sdn. Bhd.	625,000	0.43

Analysis Of Shareholdings

as at October 13, 2008 (Cont'd)

LIST OF TOP 30 WARRANTHOLDERS

No.	Warrantholders	Units of Warrants Held	%
1.	Khor Teng Tong Holdings Sdn. Bhd.	1,230,100	11.81
2.	Mandin Garden Sendirian Berhad	1,050,000	10.08
3.	Public Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Lim Tiem Chai	575,500	5.53
4.	Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Ching Swee Meng	438,800	4.21
5.	Tee See Kim	208,900	2.01
6.	Koid Say Boo	148,400	1.43
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary : Exempt An For OCBC Securities Private Limited	140,000	1.34
8.	Chua Chin Chyang	129,800	1.25
9.	Teh Chor Heng	119,700	1.15
10.	Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Tee See Kim	112,400	1.08
11.	Koay Kar Huah	111,648	1.07
12.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Cheong Wai Phoe	106,300	1.02
13.	Kay Yew Kiang	100,000	0.96
14.	Kee Thuan Suan	100,000	0.96
15.	Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Goh Swee Hiang	97,300	0.93
16.	BHLB Trustee Berhad Beneficiary : Exempted - Trust Account for EPF Investment for Member Savings Scheme	95,000	0.91
17.	Kon Thiam Sen	95,000	0.91
18.	Jerneh Insurance Bhd	94,000	0.90
19.	Teh Gaik Tiang	89,000	0.85
20.	Hu Chong Leong	85,000	0.82
21.	Yap Chee Kuan	80,200	0.77
22.	Lim Moo Kuen	79,700	0.77
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Susy Ding	75,000	0.72
24.	Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Goh Swee Keah	75,000	0.72
25.	Gee Teik Sin	70,000	0.67
26.	ECML Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account For Leong Choon Chieh	66,000	0.63
27.	Tan Kim Siw	65,200	0.63
28.	RHB Nominees (Tempatan) Sdn. Bhd. Beneficiary : RHB Investment Management Sdn Bhd For Lee Yuen Chak (EPF)	65,000	0.62
29.	Aiza Binti Abdul Aziz	64,000	0.61
30.	Abd Ghani Bin Ali Kadir	55,000	0.53

Analysis Of Shareholdings

as at October 13, 2008 (Cont'd)

DIRECTORS' SHAREHOLDINGS

Directors	No. of Ordinary Shares		
	Direct	Indirect	Total %
Dato' Khor Teng Tong	11,133,774	68,130,529 ¹	54.52
Ooi Lay See	6,456,856	-	4.44
Khor San Leng	228,000	-	0.16
Chew Hock Lin	-	-	-
Datuk Zubir bin Haji Ali	-	-	-
Ong Lye Seng	137,346	-	0.09

Notes :

1. Deemed interested pursuant to Section 6A of the Companies Act, 1965 (the "Act") by virtue of his substantial shareholding in Hunza Usaha Sdn. Bhd., Khor Teng Tong Holdings Sdn. Bhd., Mandin Garden Sendirian Berhad, Taman Nibong Tebal Sendirian Berhad and Jaya Sri Rambai Sdn. Bhd. as well as other interest under section 134(12)(C) of the Act through his children Khor Bung Leng, Khor Siang Gin, Khor San Leng, Khor Tze Theing, Khor Tze Ming, Khor Tze Hui and Khor Chia Leng.
2. Apart from the above interest, all the above Directors do not have any direct interest in the subsidiaries of Hunza Properties Berhad.

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I/We,
of

being a member/members of the abovenamed Company hereby appoint
of

or failing him, the Chairman of the meeting as my/our proxy, to vote in my/our name(s) and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Hunza Sales Gallery, 163 Gurney Drive (fronting Kelawai Road), 10250 Penang on Thursday, December 11, 2008 at 11.30 a.m. and at any adjournment thereof.

I/We hereby indicate with "X" in the spaces provided how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

RESOLUTIONS	FOR	AGAINST
1. To receive the Audited Financial Statements for the year ended June 30, 2008 together with the reports of the Directors and Auditors thereon.		
2. To declare a final single tier exempt dividend of RM0.055 per share for the year ended June 30, 2008.		
3. To approve an increase of Directors' Fees from RM153,000.00 to RM177,000.00 and the payment of such fees to the Director of the Company for the year ended June 30, 2008.		
4. To re-appoint Datuk Zubir Bin Haji Ali, a Director retiring under Section 129 of the Companies Act, 1965.		
5. To re-elect Dato' Khor Teng Tong, a Director retiring under the provision of Article 81 of the Articles of Association of the Company.		
6. To re-elect Ms. Ooi Lay See, a Director retiring under the provision of Article 81 of the Articles of Association of the Company.		
7. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
To pass the following resolutions as Special Business :- Ordinary Resolutions		
8. Authority to Issue Shares		
9. Proposed Renewal of Share Buy-Back Authority		

Number of shares held

.....
Signature of Member (s)

Signed this day of....., 2008.

Notes:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.

For a proxy to be valid, the duly completed Proxy Form must be deposited at the registered office of the Company at Suite 12-02, 12th Floor, Menara MAA, 170, Jalan Argyll, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.

A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

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stamp

The Company Secretary

HUNZA PROPERTIES BERHAD (461624-X)
(Incorporated in Malaysia)

Suite12-02, 12th Floor, Menara MAA,
170 Jalan Argyll , 10050 Penang.

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We do it RIGHT

HUNZA PROPERTIES BERHAD

461624-X

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Jalan Gangsa, 11600 Penang.

Tel : 04-659 6210

Fax : 04-656 6268

E-mail : hunza@hunzagroup.com

Website : www.hunzagroup.com

Gurney Paragon & Infinity

Hunza Sales Gallery

163, Gurney Drive
(Fronting Kelawai Road)
10250 Penang.

Tel No : 604-228 0888

Fax : 604-229 0888

Gurney Paragon Website :

www.gurneyparagon.com

Infinity Website :

www.hunza-infinity.com

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* ALILA

