

WANG - ZHENG BERHAD
Group of Companies

Wang - Zheng Corporation Sdn. Bhd. (166952-D)

Quality Hero Corporation Sdn. Bhd. (515368-M)

Carefeel Cotton Industries (M) Sdn. Bhd. (268247-U)

New Top Win Corporation Sdn. Bhd. (302387-H)

Mey Paper Industries Sdn. Bhd. (385113-X)

Modern Alpine Sdn. Bhd. (573608-P)



annual report 2007



皇城集团

WANG-ZHENG BERHAD

(612237-K)

Quality Products At Affordable Prices





皇城集团

WANG-ZHENG BERHAD

(612237-K)

Quality Products At Affordable Prices





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chung Shan Kwang	(Chairman)
Goh Kheng Jiu	(Chief Executive Officer, Managing Director)
Khoo Beng Hwa	(Executive Director)
Thang Yuen Mei	(Executive Director)
Tan Wan Huat	(Executive Director)
Chai Tuck Chuen	(Executive Director)
Teh Hui Guan	(Executive Director)
Datin Seri Raihanah Begum Binti Abdul Rahman	(Non-Executive Director)
Dato' Tan Teck Ang	(Non-Executive Director)
Chung Shan Meng	(Non-Executive Director)
Fu Jun	(Non-Executive Director)
Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy	(Independent Non-Executive Director)
Loo Choo Hong	(Independent Non-Executive Director)
Ch'ng Eng Hing	(Independent Non-Executive Director)
Low Yu Keat	(Independent Non-Executive Director)
Tan Kar Thye	(Independent Non-Executive Director)
Yap Kien Pin	(Independent Non-Executive Director)
Chung Shan Hui	(Alternate Director to Fu Jun)

AUDIT COMMITTEE

Loo Choo Hong (Chairman)
Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy
Low Yu Keat

COMPANY SECRETARY

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)

REGISTERED OFFICE

20C, Jalan 1/64,
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur
Tel: 03-4041 7403

CORPORATE OFFICE

No.1 Jalan Utarid U5/19
Section U5, 40150
Shah Alam
Selangor Darul Ehsan
Tel: 03-7801 3333
Fax: 03-7801 3336

SOLICITORS

Teh & Lee Advocates and Solicitors
A-3-3 & A-3-4
North Point Offices, Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: 03-2283 2800

PRINCIPAL BANKERS

Hong Leong Bank Berhad (97141-X)
1 Jalan Ambong Kiri Dua
Kepong Baru
52100 Kuala Lumpur
Tel: 03-6250 8335

Affin Bank Berhad (25046-T)
Ground, Mezzanine & 1st Floor
80 Menara Affin
Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2055 9213

REGISTRAR

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 26 Menara Multi Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222

AUDITORS

Anuarul Azizan Chew & Co
18, Jalan 1/64,
Off Jalan Kolam Air/Jalan Ipoh,
51200 Kuala Lumpur
Tel: 03-4041 7233

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE



皇城集团
WANG-ZHENG BERHAD
(612237-K)

Manufacturing and Process of Fibre-based Products

Quality Hero Corporation Sdn. Bhd.



Carefeel Cotton Industries (M) Sdn. Bhd.



New Top Win Corporation Sdn. Bhd.



Mey Paper Industries Sdn. Bhd.



Marketing Arm

Modern Alpine Sdn. Bhd.



Wang-Zheng Corporation Sdn. Bhd.



PROFILE OF DIRECTORS

Chung Shan Kwang

Chung Shan Kwang, a Malaysian aged 40, is the Non-Executive Chairman of Wang-Zheng. He was appointed to the Board and as the Non-Executive Chairman of Wang-Zheng on 16 July 2004. Mr Chung graduated with a Diploma In Engineering from Tunku Abdul Rahman College (now known as University Tunku Abdul Rahman). He was embarking on a career in engineering when he was required to assist in the management of his family's business interests. Mr Chung is presently the chairman and director of companies involved in diversified businesses, ranging from distribution of food and consumer products, trading of used motor vehicles to provision of consultancy services in securing property leases. His vast business experience and contacts have greatly contributed to the growth of Wang-Zheng Group. Mr Chung also sits on the board of directors of Pelangi Publishing Group Berhad.

He is the brother of Chung Shan Meng and Chung Shan Hui and has no conflict of interest with the Company other than those disclosed in pages 17 to 18 of this annual report. He has no conviction for offences within the past 10 years.

Goh Kheng Jiu

Goh Kheng Jiu, a Malaysian aged 48, is the Managing Director and Chief Executive Officer of Wang-Zheng. He was appointed to the Board and as the Managing Director and Chief Executive Officer of Wang-Zheng on 16 July 2004. Mr Goh oversees the daily operations and strategizes the business directions of Wang-Zheng Group.

Goh Kheng Jiu completed his studies in 1978 when he obtained the General Certificate Of Education. After a six (6) months' stint as a clerk-of-work with Tan Swan Brothers Sdn Bhd, a property developer, Goh Kheng Jiu's involvement in the consumer products industry commenced in 1979 when he, together with Thang Yuen Mei, started their own business of producing and distributing noodles to food centers ranging from hawker stalls to restaurants. Two (2) years later in 1981, he joined Hong Soon Huat Sdn Bhd, a sundry goods trading company, as a sales executive. From 1985 to 1987, Mr Goh was attached to Unikota Holdings Sdn Bhd as a director. The company was principally involved in manufacturing of tissue paper and sanitary products, and trading of food items. Throughout the years, Mr Goh acquired in-depth knowledge and experience in the consumer products industry. Foreseeing the potential of the consumer products industry, Mr Goh, together with Khoo Beng Hwa and Thang Yuen Mei, incorporated Wang-Zheng Corporation in December 1987. Mr Goh is highly instrumental in spearheading the progress and expansion of Wang-Zheng Group. From a small trading company in 1987, Wang-Zheng Group has become a reputable manufacturer and distributor of disposable fibre-based products and processed papers.

He is the brother-in-law of Teh Hui Guan, has no conflict of interest with the Company and has no conviction for offences within the past 10 years.

Khoo Beng Hwa

Khoo Beng Hwa, a Malaysian aged 48, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr Khoo started his career when he joined a shipping company in Singapore from 1979 to 1981 as a sailor. Subsequently, he was attached to Hong Soon Huat Sdn Bhd, a sundry goods trading company, as a sales executive from 1982 to 1984. He subsequently joined Unikota Holdings Sdn Bhd in 1985. The company was principally involved in manufacturing of tissue paper and sanitary products, and trading of food items. He left the company in 1987 when Mr Khoo founded Wang-Zheng Corporation together with Goh Kheng Jiu in December 1987. Under the resourceful stewardship of Mr Goh and Mr Khoo, Wang-Zheng Group successfully developed an extensive distribution network for its products throughout the country.

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



PROFILE OF DIRECTORS

Thang Yuen Mei

Thang Yuen Mei, a Malaysian aged 48, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr Thang has over two (2) decades of business and management experience under his belt. After obtaining the General Certificate Of Education in 1978, Mr Thang ventured into the food business in 1979. Together with Goh Kheng Jiu, Mr Thang started their own business of producing and distributing noodles to food centers. Later, in 1987, Mr Thang, together with Goh Kheng Jiu and Khoo Beng Hwa, established Wang-Zheng Corporation. Mr Thang's responsibilities include overseeing the development of new businesses, and coordinating the administration and financial functions of Wang-Zheng Group.

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

Tan Wan Huat

Tan Wan Huat, a Malaysian aged 45, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. He graduated from University Of Newcastle, Australia with a Diploma In Civil Engineering in 1986. Upon completion of his studies, Mr Tan joined Wang-Zheng Corporation as a marketing executive. He was later appointed as an Executive Director of Wang-Zheng Corporation in 1990. Mr Tan oversees the daily operations of Quality Hero and is responsible for developing the marketing network for Quality Hero's products. He has also been actively exploring the feasibility of exporting the products of the Company.

He is the brother of Dato' Tan Teck Ang, has no conflict of interest with the Company and has no conviction for offences within the past 10 years.

Chai Tuck Chuen

Chai Tuck Chuen, a Malaysian aged 48, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. After completing his studies in 1978 and being involved in sales of various companies for three (3) years, Mr Chai joined Techskill Auto Parts Trading Supplies Sdn Bhd, an auto-parts trading company as a marketing executive in 1981. In his 14 years in the company until 1995, Mr Chai rose through the ranks, and was eventually appointed as an executive director of the company. He subsequently joined Carefeel Cotton in 1995 as a director. Mr Chai oversees the daily operations of Carefeel Cotton, which sells its products to both local and overseas markets.

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

Teh Hui Guan

Teh Hui Guan, a Malaysian aged 44, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Upon completing his studies in 1980, Mr Teh assisted in the management of his family's business which is involved in trading of sundry products. Mr Teh became involved in the processed paper business when he was subsequently engaged as a sales executive in Springfield Corp Sdn Bhd, a paper trading company from 1987 to 1992. He subsequently founded Top Win Enterprise which is also involved in paper trading. Subsequently, in 1994, together with Wang-Zheng Corporation, Mr Teh founded New Top Win. With his extensive experience in the processed paper business, Mr Teh is the primary force in the transformation of New Top Win, from a small paper trading company, to become one of the top five (5) paper importers, converters and distributors in Malaysia.

He is the brother-in-law of Goh Kheng Jiu, has no conflict of interest with the Company and has no conviction for offences within the past 10 years.



PROFILE OF DIRECTORS

Datin Seri Raihanah Begum Binti Abdul Rahman

Datin Seri Raihanah Begum Binti Abdul Rahman, 46, is a Non-Executive Director of Wang-Zheng. She was appointed to the Board on 15 August 2005. Datin Seri Raihanah holds a degree from the Chartered Insurance Institute of United Kingdom and Malaysia and has been an associate member of the said Institutes since 1989. Datin Seri Raihanah is currently the Chairman of Health IT Solutions Sdn Bhd. She was a lecturer with Malaysian Insurance Institute in 1998 and prior to that, she was the acting Chief Executive Officer of Malene Insurance Brokers Sdn Bhd from 1988 to 1997. From 1984 to 1988, she held a managerial position in American Malaysian Insurance Sdn Bhd.

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

Dato' Tan Teck Ang

Dato' Tan Teck Ang, a Malaysian aged 48, is a Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Dato' Tan is an established entrepreneur with business interests in construction and property development. After obtaining the General Certificate Of Education in 1978, he joined Soon Chong Construction as a site supervisor. Subsequently, he joined Multi-Builders Sdn Bhd, a building contractor, as a director in 1982. Dato' Tan was later appointed as the managing director of the company in 1989. He has been holding the position since. Dato' Tan also sits on the board of directors of Mascarena Sdn Bhd, a real estate developer, since his appointment in 2003.

He is the brother of Tan Wan Huat, has no conflict of interest with the Company and has no conviction for offences within the past 10 years.

Chung Shan Meng

Chung Shan Meng, a Malaysian aged 43, is a Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr Chung graduated with a Bachelor Of Electrical And Electronic Engineering (Honours) from National University Of Singapore, Singapore in 1990. After his graduation, he was attached to Infineon Pte Ltd (previously known as Siemens Semiconductor Pte Ltd) from 1990 to 1992 as an electrical and electronic engineer. He then joined Thomson Electronics Pte Ltd in 1993 and assumed a similar position in the company. A year later, he left the company to join Hewlett-Packard Pte Ltd, also as an electrical and electronic engineer, which he served until 1996. In 1996, Mr Chung was appointed as the chairman and managing director of Xian Jiang Trading Sdn Bhd, a company involved in the import, export and distribution of food and consumer items, in which he has substantial shareholding. Apart from Xian Jiang Trading Sdn Bhd, Mr Chung is also involved in and sits on the board of directors of several private limited companies which are involved in activities ranging from trading of general goods and food items, to trading of electrical goods and pyrotechnics products, and property letting.

He is the brother of Chung Shan Meng and Chung Shan Hui and has no conflict of interest with the Company other than those disclosed in pages 17 to 18 of this annual report. He has no conviction for offences within the past 10 years.

Fu Jun

Fu Jun, a Chinese aged 51, is a Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr Fu obtained a Bachelor In Economics from Hunan University, China in 2002. In 1979, he joined the Township Party Committee on Li Ling City, Hunan as its secretary. Subsequently between 1983 and 1987, he was appointed as the head and secretary of the Party Committee of the Foreign Trade Bureau Of Li Ling City, Hunan. During the same period, he also served as the vice-director of the Economic Committee of Li Ling City, Hunan. In 1988, he was appointed as the vice-general manager of the Hunan Arts And Crafts Import And Export Group. With the wealth of knowledge and contacts he acquired throughout the years, Mr Fu set out to start his own business in 1990 under the name Macro-Link Group Limited. The company is principally involved in the import, export and distribution of consumer and general goods, and investment holding. He has been the president and chief executive officer of the company since 1990 till present. Mr Fu also has interest in various private limited companies in countries outside Malaysia which are involved in various businesses.

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



PROFILE OF DIRECTORS

Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy

Major General (R) Dato Pahlawan Dr Mohanadass Ramasamy, 60, is an Independent Non Executive Director of Wang-Zheng. He was appointed to the Board on 3 April 2006. Amongst his many qualifications Dato' Mohanadass holds a Masters In Health Planning of the University of New South Wales and is a Fellow of the Faculty of Occupational Medicine of the Royal College of Physicians of Ireland. He served the Malaysian Armed Forces from 1975 to 2004, and retired as the Director General of the Armed Forces Health Services. Dato Mohanadass is currently the Chairman of the Malaysian Medical Association Foundation and a Director of SML Healthcare (M) Sdn Bhd.

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

Loo Choo Hong

Loo Choo Hong, a Malaysian aged 36, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. He passed the examinations of the Chartered Association Of Certified Accountants, United Kingdom (now known as Association Of Chartered Certified Accountants) in 1998, and is currently a member of the accountancy body. He is also a member of the Malaysian Institute Of Accountants. He commenced his career as an audit assistant in Yap, Goh And Associates in 1998. He left the firm as an audit supervisor in 2001 when he joined K.H. Kwong & Company, his present employer, as an audit and tax manager.

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

Ch'ng Eng Hing

Ch'ng Eng Hing, a Malaysian aged 42, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. After his graduation from University Of Leicester, United Kingdom in 1994 with a LLB (Honours), Mr Ch'ng practiced as a barrister-at-law at Middle Temple, United Kingdom. He joined the Malaysian Bar Council as a member in 1996. Upon completion of his studies in 1996, up till 1998, Mr Ch'ng was attached to Cheang & Ariff as a legal assistant. Mr Ch'ng is currently a partner of a legal firm, Frank Ch'ng And Associates, which he founded in 1999. Mr Ch'ng was also actively involved in the Club Volkswagen Beetle Malaysia where he served as its legal adviser in 1997, and as its honorary secretary in 2000.

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

Low Yu Keat

Low Yu Keat, a Malaysian aged 51, is an Independent Non-Executive Director of Wang-Zheng. She was appointed to the Board on 27 July 2004. She is a member of the Institute Of Chartered Secretaries And Administrators, and has over 25 years of experience in finance, human resources and administration under her belt. She started her career as a company secretary with Company Management Sdn Bhd where she was attached to from 1976 to 1981. Subsequently, in 1981, she joined Bridgecon Engineering Sdn Bhd (now known as Bridgecon Berhad, a company listed on Bursa Securities in 1994), as an administration assistant. She rose through the ranks over her 15 years tenure at the company. From an administration assistant, she was promoted to become the administration manager in 1987. She was subsequently appointed to head the group human resource and administration department in 1995, a position she held until 1997. After being a homemaker from 1997 to 1999, Ms Low joined her spouse's sports apparel company, Garoos Sports (M) Sdn Bhd in 1999, where she has served as an executive director since 2000.

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



PROFILE OF DIRECTORS

Tan Kar Thye

Tan Kar Thye, a Malaysian aged 48, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr Tan obtained a Certificate Of Interior Design from Osaka Interior, Malaysia in 1980. Mr Tan commenced his career as a sales executive in 1980 with Hilton Furniture Sdn Bhd, and was subsequently promoted to the position of a sales manager in 1983. Mr Tan has accumulated years of experience in the interior design and furniture industry. At present, Mr Tan is involved in his own business involved in furniture manufacturing and construction.

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

Yap Kien Pin

Yap Kien Pin, a Malaysian aged 48, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr Yap graduated with a Bachelor Of Science In Mechanical Engineering from Montana State University, USA in 1985. Upon graduation till 1987, he was attached to Trirex Corporation Sdn Bhd as a management executive. Subsequently, he joined Montepius Marketing Sdn Bhd in 1988 as a technical manager. Over the years, he rose through the ranks and is presently, the managing director of the company. He has held the position since 1996. Montepius Marketing Sdn Bhd is principally involved in the distribution of specialized plumbing materials. Mr. Yap also has interests in several private limited companies involved in activities ranging from the manufacturing and trading of high-density polypropylene products to trading of building materials and garments, and property investment.

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

Chung Shan Hui

Chung San Hui, a Malaysian aged 38, is the alternate director to Fu Jun. He was appointed to the Board on 26 November 2004. Mr Chung graduated with a Bachelor of Chemical Engineering (Honours Degree) from the University of Birmingham, England in 1993. He joined Berger Paints Sdn Bhd as a Process Engineer in 1994 before leaving in 1995. He was appointed a director of MMF Haus Sdn Bhd in 1996 and has been serving in the position ever since.

He is the brother of Chung Shan Meng and Chung Shan Hui and has no conflict of interest with the Company other than those disclosed in pages 17 to 18 of this annual report. He has no conviction for offences within the past 10 years.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Wang-Zheng Berhad, it is my pleasure to present the fourth annual report and the Financial Statements of Wang-Zheng Berhad (the Company) and its subsidiaries (Wang-Zheng Group/the Group) for the financial year ended 31 December 2007.

Significant Events for the Year 2007

The year 2007 was a time of growth for the Group. The processed paper segment of the Group continued to grow at a steady pace and remained the backbone of the Group. Nonetheless, the growth is clearly coming from the disposable fibre-based segment.

The Group centralized its manufacturing activities of cotton and corrugated carton products in a rented building in Rawang. A new warehouse has also been constructed on a land adjacent to the Group's existing HQ and factory building in Shah Alam. With production capacity equaling or exceeding those prior to the 2005 fire incident, the disposable fibre-based segment is well-equipped to meet demands. With the sales team in full swing, the segment has seen continued improvement in revenue and profitability. The greatest success was seen in the export market which at the end of 2007, has far exceeded the Group's historical achievements. The full quantum of the contribution from exports can only be seen in 2008 but its effect is already significant in the Group's 1st quarter results ending 31 March 2008.

Two of the subsidiary companies of the Group, Wang-Zheng Corporation Sdn Bhd and Quality Hero Corporation Sdn Bhd, received the certification for their Quality Management Systems under the ISO 9001:2000 standards and their Environmental Management Systems under the ISO 14001:2004 standards. These certifications testify as to the commitment to quality by the Group. Other subsidiary companies are in various stages of obtaining similar certifications.

Review of Financial Results

For the financial year ended 31 December 2007, the Group achieved revenue of RM201 million, RM30 million or 17.8% higher than the previous year's group revenue of RM171 million. The Group's profit before tax and profit after tax of RM12.4 million and RM10.0 million respectively, are lower than previous year's results of RM14.7 million and RM11.7 million.

The Group's profit in 2006 was mainly due to insurance claim received of RM16.7 million. This was in relation to the Group's inventory, plant and machinery lost to the September 2005 fire. However, in 2007, insurance claims only amounted to RM6.5 million. Stripping out insurance claims, the Group would show profit before of RM5.9 million in 2007 whereas 2006 would see a loss before tax of RM2.0 million. This clearly shows the Group's disposable fibre-based segment has recovered strongly even in 2007 itself, aside from the fact that export earnings only contributed significantly towards the end of 2007.

The Group's processed paper segment continues to grow steadily. Revenue from this segment has grown by 11.4% from the previous year. Cashflow from this segment continues to be strong and remain the backbone of the Group's cash holdings.



CHAIRMAN'S STATEMENT



Outlook and Future Prospects

Although the revenue outlook is promising, the Group will continue to manage its resources tightly in view of the unstable macro economic outlook. The Group's products are affected by high prices of commodities as with other businesses, however, the impact of such price increases are mitigated with increasing efficiencies and partial passing-on of price increases to the Group's customers.

The Group will construct another warehouse on one of its land adjacent to the existing HQ building in Shah Alam. This is in view of the increasing demand for its disposable fibre-based products. With the export market continuing to perform well, the Group has placed orders for additional manufacturing lines to expand its capacity as some are running at full capacity levels.

Barring unforeseen circumstances, the processed paper segment is expected to perform strongly in the coming year. The Management continues to seek out new markets for its disposable fibre-based segment both locally and overseas. With new production lines, 2008 promises to be a year of growth as well.



Earnings per Share

The basic earnings per share for the financial year ended 31 December 2007 stands at 8.34 sen.

Dividend

The Board has proposed to declare a first and final dividend of 3.5 sen per ordinary share, less income tax of 26%, for the financial year ended 31 December 2007 (2006: 2.1 sen per share less income tax of 27%).

The Board is committed to maximizing shareholders' return by prudently managing the Group and rewarding shareholders without affecting the Group's ability to grow.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders and business partners for their continued support. To our valued loyal customers who have continued to support us, you have our sincerest gratitude.

Last but not least, I would like to express my deepest appreciation and gratitude to my fellow colleagues of the Board, the Management and the staff for their continued effort and dedication to the Group. The enthusiasm and professionalism in carrying out their duties to Wang-Zheng Berhad Group will enable the Group to prosper and generate increasingly better returns to all our stakeholders.

Chung Shan Kwang
Chairman.



CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors (“the Board”) of Wang-Zheng Berhad (“Wang-Zheng”) believes that good corporate governance is fundamental to the Group’s continued success. Therefore, the Board is committed to ensuring the highest standards of Corporate Governance are practiced throughout Wang Zheng, as a fundamental part of discharging its responsibilities to protect and enhance the shareholders’ value and financial performance of the organization.

This statement sets out the commitment of the Board towards the Malaysian Code of Corporate Governance (“Code”) and describes how the Group has applied the principles laid down in the Code and the Group has complied with the Best Practices of the Code throughout the financial year.

1. THE BOARD OF DIRECTORS

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA I in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

a) Board Composition and Balance

The Board of Directors consists of 6 Independent Non-Executive Directors, 1 Non-Executive Chairman, 6 Executive Directors and 4 Non-Executive Directors. The roles of the Chairman of the Board and CEO are segregated to ensure that there is balance of power and authority. Wang-Zheng Berhad thus complies with the Bursa Securities Listing Requirements on board composition. The profiles of the Directors are set out on pages 4 to 8 of this Annual Report.

b) Re-election of Directors

An election of Directors will take place each year where one-third of the Directors shall retire from office at each Annual General Meeting and shall be eligible to offer themselves for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments.

Mr. Chung Shan Kwang, Mr. Goh Kheng Jiu Mr. Ch’ng Eng Hing, Mr. Tan Kar Thye, Ms. Low Yu Keat and Mr. Yap Kien Pin shall retire by rotation and are standing for re-election at the Annual General Meeting of the Company to be held on 26 June 2008 under Article 91 of the Company’s Articles of Association.

CORPORATE GOVERNANCE STATEMENT

1. THE BOARD OF DIRECTORS (Cont'd)

c) Board Meetings

During the financial year ended 31 December 2007, the Board met a total of 6 times. Details of each Director's attendance at the Board meetings during the financial year are as follows:

Directors	Attendance
Executive Directors	
Goh Kheng Jiu	6/6
Khoo Beng Hwa	4/6
Thang Yuen Mei	6/6
Tan Wan Huat	6/6
Chai Tuck Chuen	6/6
Teh Hui Guan	6/6
Non-Executive Directors	
Chung Shan Kwang	4/6
Datin Seri Raihanah Begum Binti Abdul Rahman	3/6
Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy	6/6
Dato' Tan Teck Ang	6/6
Chung Shan Meng	3/6
Fu Jun	4/6
Loo Choo Hong	6/6
Ch'ng Eng Hing	6/6
Low Yu Keat	6/6
Tan Kar Thye	5/6
Yap Kien Pin	6/6
Chung Shan Hui (alternate to Fu Jun)	4/6

The meetings were held on 27/02/2007, 26/04/2007, 24/05/2007, 18/06/2007, 23/08/2007 and 22/11/2007 respectively.

The agenda and issues discussed were prepared and circulated before each meeting. Minutes of the Board meetings are maintained by the Company Secretary.

All Directors have access to the advice of the Company Secretary, independent professional advisors, and internal/external auditors as and when appropriate at the Company's expense.

CORPORATE GOVERNANCE STATEMENT

1. THE BOARD OF DIRECTORS (Cont'd)

d) Duties and Responsibilities

The Board assumes the following responsibilities:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management
- Developing and implementing an investor relations program or shareholder communications policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

e) Supply of Information

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Prior to each Board meeting, the directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Guidelines are in place concerning the content presentation and delivery of papers to the Board for each Board meeting so that the directors have access to all information within the Company, whether as full board or in their individual capacity, in furtherance of their duties.

The directors also have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that the Board procedures are followed.

f) Nomination Committee

In line with the Best Practices of the Code of Corporate Governance, the Board has set up a Nomination Committee. This would comprise a majority of Independent Non-Executive Directors and will be responsible for identifying and recommending to the Board suitable nominees for appointment. The Nomination Committee will also consider the required mix of skills and experience and other qualities of the nominees, prior to Board's approval.

The present members of the Nominating Committee of the Company are:

- i. Chung Shan Kwang (Chairman)
- ii. Low Yu Keat
- iii. Yap Kien Pin

g) Remuneration Committee

In line with the Best Practices of the Code of Corporate Governance, the Board has set up a Remuneration Committee which would comprise a majority of Non-Executive Directors in order to assist the Board for determining the Director's remuneration.

The present members of the Remuneration Committee of the Company are:

- i. Goh Kheng Jiu (Chairman)
- ii. Tan Kar Thye
- iii. Yap Kien Pin

The remuneration package of Executive Directors during the financial year ended 31 December 2007 comprises a combination of basic salary (inclusive of statutory employer contributions to the Employees Provident Fund), and benefits-in-kind (such as traveling allowance and chauffeurs as applicable).

CORPORATE GOVERNANCE STATEMENT

1. THE BOARD OF DIRECTORS (Cont'd)

g) Remuneration Committee (Cont'd)

The composition and range of remuneration package received by the Directors during the financial year is as follows:

Executive Directors	Non - Executive Directors	
Salary and other Emoluments (RM'000)	Fee (RM'000)	Allowance (RM'000)
1,739	120	29

RM	No Of Directors	
	Executive	Non-Executive
Up to 50,000	--	11
50,001 to 100,000	--	--
100,001 to 150,000	--	--
150,001 and above	6	--

The remuneration of an Executive Director will be linked to corporate and individual performance. The remuneration of Non-Executive Directors is related to their level of responsibilities and would be subject to the approval of the Board.

h) Training of Directors

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme and the Continuous Education Programme accredited by Bursa Securities, attended other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

2. SHAREHOLDERS AND INVESTORS

a) Dialogue with Investors

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:

- (i) the Annual Report;
- (ii) the various disclosures and announcements made to Bursa Securities including the Quarterly Results and Annual Results;
- (iii) Shareholders may obtain the Company's latest announcements via the Bursa Securities website at www.bursamalaysia.com.my.

b) Investors Relations

Along with good corporate governance practices, the company has embarked on appropriate corporate policies to provide greater disclosure and transparency through all its communications with the public, the shareholders and the investors.

The Company strives to promote and encourage bilateral communications with its shareholders through participation at its general meetings and also ensure timely dissemination of any information to the investors, analysts and the public at large. We always maintain and promote transparency in our business activities and to continually keep the shareholders and the public well-informed on the Company's activities.

CORPORATE GOVERNANCE STATEMENT

2. SHAREHOLDERS AND INVESTORS (Cont'd)

c) General Meetings

The Annual General Meeting (AGM) is an important forum where communications with shareholders are effectively conducted. Shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty one (21) days before the meeting. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

At the AGM, the Group Accountant will conduct a brief presentation on Wang-Zheng Berhad Group's financial performance and prospects, while shareholders are given ample time and opportunity to ask for more information on the audited financial statements or other matters concerning the Company. The Chairman and the Board members are prepared to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders. Status of all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day.

The Company also maintains a website at <http://www.qualityhero.com> from which shareholders and stakeholders can access for information.

3. CORPORATE SOCIAL RESPONSIBILITY

Mindful of the need to be a corporately responsible organization, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. The Group recognises that for long term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as donation to the needy, community services, promoting a healthy and safety culture within our organization, etc. The Group endeavours to broaden its scope of CSR initiatives over time and will plan accordingly.

During the year under the review, Wang- Zheng Group has initiated several CSR related project:

- Donation to several volunteer bodies and various associations,
- Recruitment of fresh graduates aimed at equipping young graduates with invaluable skills and experience for better employment opportunities in the future,
- Strive for and obtained certified Environmental Management System as per the ISO 14001:2004 standard.

Wang-Zheng has also emphasized CSR within the organization, by focusing on the following:

- Occupation health and safety at the workplace,
- Create awareness among employees on various ways to improve Group's environmental performance,
- Looking after its employees: eg successful insurance claims for the unfortunate and monetary support for loss of family members.

4. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Directors are responsible to ensure that the financial statements prepared are drawn up in accordance with the provision of the Companies Acts, 1965; and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates.

The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors before releasing to Bursa Securities. The details of the Company and the Group's financial statements for the financial year ended 31 December 2007 can be found from pages 23 to 64.

CORPORATE GOVERNANCE STATEMENT

4. ACCOUNTABILITY AND AUDIT (Cont'd)

b) Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control laid out on page 19.

c) Relationship with the Auditors

The Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board.

5. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:

- Overseeing the overall conduct of the Company's business and that of the Group
- Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks
- Reviewing the adequacy and integrity of internal controls system and Management information system in the Company and within the Group
- Adopted suitable accounting policies and apply them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Ensure compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with Bursa Securities Listing Requirements, the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia.

6. ADDITIONAL COMPLIANCE INFORMATION

a) Share Buybacks

There was no share buyback during the financial year.

b) Option, Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year

c) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme.

The company did not sponsor or participate in any ADR or GDR programme during the financial year.

d) Imposition of Sanctions and Penalties

During the FYE 31 December 2007, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

e) Non Audit Fees

There were no non audit fees paid to external auditors for the financial year.

f) Variance in Results, Profit Estimate, Forecast or Projection

There was no material variances between the results for the financial year and the unaudited results previously announced 21/02/2008.

CORPORATE GOVERNANCE STATEMENT

6. ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

There were no profit estimates, forecast or projection that has been previously announced by the Company during the financial year.

g) Profit Forecast and Profit Guarantees

The Company does not provide any profit forecast or any profit guarantees.

h) Material Contracts

There are no other material contracts (including contracts not reduced into writing), entered into in the ordinary course of business which have been entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests except for The Tenancy Agreement dated 16 October 2007 between MMF Haus Sdn Bhd and Carefeel Cotton Industries (M) Sdn Bhd for the rental of a corner detached industrial lot measuring a provisional land area of 20,966 square metres or 225,678 square feet held under H.S.(D) 49155, No. P.T. 1011, Bandar Kundang, Daerah Gombak, Selangor for a monthly rent of RM70,000.00.

i) Recurrent Related Party Transactions ("RRPT")

The Company is seeking approval from Shareholders for the Proposed General Mandate pursuant to Chapter 10.09 of the Listing Requirements and Practice Note 12/2001 of the Listing Requirements at the forthcoming Annual General Meeting to be held on 26 June 2008.

RRPT of a trading or revenue nature of the Group for the financial year ended 31 December 2007 are as follows:

Related Party	WZB Group - Transacting Party	Nature of Transaction with WZB Group	Value of Transaction (RM mil)	Nature of relationship between WZB Group and the Related Party
Xian Jiang Trading Sdn. Bhd. ("XJ")	New Top Win Corporation Sdn. Bhd. ("NTWC")	Trading of processed paper *	17.1	<ul style="list-style-type: none"> Chung Shan Kwang is Managing Director of XJ and a shareholder of XJ with a shareholding of 32.5%. He is also a Director of NTWC. Chung Shan Meng is a Director and shareholder of XJ with a shareholding of 17.5%. Chung Shan Hui is a Director and shareholder of XJ with a shareholding of 17.5%. Chung Shan Yong is a Director and shareholder of XJ with a shareholding of 17.5%. Chung Shan Kwang, Chung Shan Meng, Chung Shan Hui and Chung Shan Yong are brothers.

* Purchase of processed paper from XJ by NTWC based on prevailing market price.

CCI rents from MMF a factory at RM70,000 per month for 10 months based on market value.

CORPORATE GOVERNANCE STATEMENT

6. ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

i) Recurrent Related Party Transactions ("RRPT") (Cont'd)

RRPT of a trading or revenue nature of the Group for the financial year ended 31 December 2007 are as follows: (Cont'd)

Related Party	WZB Group - Transacting Party	Nature of Transaction with WZB Group	Value of Transaction (RM mil)	Nature of relationship between WZB Group and the Related Party
MMF Haus Sdn. Bhd. ("MMF")	Carefeel Cotton Industries (M) Sdn. Bhd. ("CCI")	Factory rental payable to MMF #	0.7	<ul style="list-style-type: none"> Chung Shan Meng is a Managing Director and shareholder of MMF with a shareholding of 18.75%. Chung Shan Kwang is a Director and shareholder of MMF with a shareholding of 18.08%. He is also a Director of CCI. Chung Shan Hui is a Director and shareholder of MMF with a shareholding of 9.42%. Chung Shan Yong is a shareholder of MMF with a shareholding of 8.75%. Chung Shan Kwang, Chung Shan Meng, Chung Shan Hui and Chung Shan Yong are brothers.

* Purchase trading goods from XJ by NTWC based on prevailing market price.

CCI rents from MMF a factory at RM70,000 per month for 10 months based on market value.

j) Revaluation Of Landed Properties

The Company and its subsidiaries have not revalued their landed properties which continue to be stated at cost less accumulated depreciation, except for freehold lands which are stated at cost.

k) Contract Related to Loans

There were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

STATEMENT ON INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements requires Directors of listed companies to include a statement in their Annual Reports on the state of their internal controls. Set out below is the Board's Internal Control Statement.

Board Responsibility

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board understands its overall responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

Control Environment

The Group has an organization structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Company. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

Internal Audit

Internal audit team has conducted audit reviews, to address the related internal control weaknesses. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly. Internal audit also test the effectiveness of the internal control on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval.

Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Company.

Risk Management

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. Risk management is an integral part of the business operations and this process goes through a review process by the Board. Discussions have been conducted during the year involving different levels of managements to identify and address risks faced by the Group. These risks were summarized and included in the Group's risk management report. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review by the management. This is to ensure that all high risks are adequately addressed at various levels within the Group.

Conclusion

On overall, the Board of Directors is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to make sure the system of internal control will be enhanced on regular basis as the Group progresses to the next level. The Board of Directors and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2007

Terms of Reference of Audit Committee

1. Composition of the Audit Committee / Membership

The audit committee is appointed by the Board of Directors from amongst its members and consists of three members, the majority of whom are Independent Directors. The Committee includes one member who is a member of the Malaysian Institute of Accountants. In the event of any vacancy in the Audit Committee resulting in the non-compliance with Paragraph 15.10 of the Listing Requirements of Bursa Securities, the Board shall appoint a new member within three months. The Board of Directors will review the term of office and the performance of an Audit committee and each of its members at least once in every three years.

No alternate Director was appointed as a member of the Audit Committee.

The present members of the Audit Committee of the Company are:

- i. Loo Choo Hong (Independent Non-Executive Director, Audit Committee Chairman)
- ii. Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy (Independent Non - Executive Director)
- iii. Low Yu Keat (Independent Non-Executive Director)

2. Meetings and Quorum of the Audit Committee

The Audit Committee met 5 times during the financial year ended 31 December 2007. The details of the heading attendance of the meetings and the summary of the Audit Committee activities are disclosed under the heading "Attendance of Audit Committee Meetings" and "Activities undertaken by Audit Committee" on page 22. The Audit committee may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative from the external auditors.

Upon the request of the auditor, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

The quorum of the Audit Committee is at least two persons, the majority of members present are Independent Directors. The Company Secretary shall act as secretary of the Audit Committee.

3. Functions of the Audit Committee

The duties and responsibilities of the Audit Committee as stated in the Audit Committee Charter formalized by the Board on 26 April 2005 include the following:

- i. To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- ii. To discuss with the external auditor before the audit commence, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- iii. To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.
- iv. To review and report to the Board if there is reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.
- v. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - Any changes in the accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption; and
 - Compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2007

3. Functions of the Audit Committee (Cont'd)

- vi. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);
- vii. To review the external auditor's management letter and the management's response;
- viii. To do the following where the internal audit function is outsourced:
 - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken in the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointment or termination of senior staff members of the internal audit function; and
 - Inform itself of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- ix. To consider any related party transactions that may arise within the Company or the Group;
- x. To consider the major findings of internal investigations and the management's response;
- xi. To consider other topics as defined by the Board.

4. Rights of the Audit Committee

The Audit Committee has ensured that, wherever necessary and reasonable for the performance of its duties, in accordance with a procedure determined by the Board:

- i. It has authority to investigate any matter within its terms of reference;
- ii. It has the resources which are required to perform its duties;
- iii. It has full and unrestricted access to any information pertaining to the listed issuer;
- iv. It has direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- v. It is able to obtain independent professional or other advice; and
- vi. It is able to convene meetings with the external auditors, excluding the attendance of the executive members if the committee, whenever deemed necessary.

5. Procedure of Audit Committee

The Audit Committee regulates its own procedures which include:

- i. The calling of meetings;
- ii. The notice to be given of such meetings;
- iii. The keeping of minutes; and
- iv. The custody, protection and inspection of such minutes.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2007

6. Review of the Audit committee

The board of Directors has ensured that the term of office and performance of the Audit Committee and each of its members are being reviewed at least once every three years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms reference.

7. Attendance of Audit Committee Meetings

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 31 December 2007 are as follows:

Meetings attended by the Directors during the Financial year ended 31 December 2007

Directors	Attendance
Loo Choo Hong	5/5
Ch'ng Eng Hing (Resigned w.e.f. 1/1/2008)	5/5
Thang Yuen Mei (Resigned w.e.f. 22/11/2007)	5/5
Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy (Appointed w.e.f. 1/1/2008)	N/A
Low Yu Keat (Appointed w.e.f. 22/11/2007)	N/A

Notes

The meeting was held on 27/02/2007, 26/04/2007, 24/05/2007, 23/08/2007 and 22/11/2007 respectively at the Company's Head Quarters in Shah Alam, Selangor, Malaysia

8. Activities undertaken by Audit Committee

The activities of the Audit Committee during the financial year ended 31 December 2007 include the following:

- (i) review the Group's year end audited financial statement presented by the external auditors and recommend the same to the Board for approval;
- (ii) review the quarterly financial result announcements;
- (iii) review audit plan of internal and external auditors;
- (iv) review related party transactions within the Group;
- (v) review the risk assessment framework and reports submitted by the internal auditors and recommend the same to the Board for approval
- (vi) review the effectiveness of the Group's system of internal control;
- (vii) review the Company's compliance with Bursa Malaysia Securities Berhad Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
- (viii) consider and recommend to the Board for approval the audit fees payable to internal and external auditors.

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are stated in Note 5 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net profit for the financial year		
- attributable to equity holders of the parent	10,008,331	4,720,396

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the changes in accounting policies due to the adoption of the revised Financial Reporting Standards ("FRSs") as disclosed in Note 31 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the current financial year.

Dividends

During the financial year, a final dividend of 2.1 sen less 27% taxation on 120,000,000 ordinary shares, amounting to a total dividend of RM1,839,600 in respect of the previous financial year was paid on 10 August 2007.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 3.5 sen less 26% taxation on 120,000,000 ordinary shares, amounting to a total dividend payable of RM3,108,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2008.

Reserves and Provisions

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

Issue of Shares and Debentures

There were no issues of shares or debentures during the financial year under review.

DIRECTORS' REPORT

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

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

Ch'ng Eng Hing
 Chai Tuck Chuen
 Chung Shan Kwang
 Chung Shan Meng
 Datin Seri Raihanah Begum Binti Abdul Rahman
 Dato' Tan Teck Ang
 Fu Jun
 Goh Kheng Jiu
 Khoo Beng Hwa
 Loo Choo Hong
 Low Yu Keat
 Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy
 Tan Kar Thye
 Tan Wan Huat
 Teh Hui Guan
 Thang Yuen Mei
 Yap Kien Pin
 Chung Shan Hui (alternate Director to Fu Jun)

Directors' Interests

Details of holdings and deemed interests in the share capital of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	No. of ordinary shares of RM0.50 each			
	At 1.1.2007	Acquired	Disposed	At 31.12.2007
Wang-Zheng Resources Sdn. Bhd.				
Direct interest:				
Goh Kheng Jiu	158,485	-	-	158,485
Wang-Zheng Berhad				
Direct interest:				
Ch'ng Eng Hing	20,000	-	-	20,000
Chai Tuck Chuen	2,344,459	-	-	2,344,459
Chung Shan Kwang	3,238,072	-	-	3,238,072
Chung Shan Meng	1,116,133	153,100	-	1,269,233
Dato' Tan Teck Ang	996,641	-	-	996,641
Fu Jun	20,000	-	-	20,000
Goh Kheng Jiu	3,955,222	267,500	-	4,222,722

DIRECTORS' REPORT

Directors' Interests (cont'd)

	No. of ordinary shares of RM0.50 each			
	At 1.1.2007	Acquired	Disposed	At 31.12.2007
Wang-Zheng Berhad (cont'd)				
Direct interest:				
Khoo Beng Hwa	2,736,198	-	-	2,736,198
Loo Choo Hong	10,000	-	-	10,000
Low Yu Keat	70,000	-	-	70,000
Tan Kar Thye	20,000	-	-	20,000
Tan Wan Huat	1,664,887	-	-	1,664,887
Teh Hui Guan	1,961,479	-	-	1,961,479
Thang Yuen Mei	2,244,487	-	-	2,244,487
Yap Kien Pin	20,000	-	-	20,000
Chung Shan Hui	1,031,133	17,000	-	1,048,133
Indirect interest:				
Chai Tuck Chuen	451,669	-	-	451,669
Chung Shan Kwang	3,007,599	39,000	26,400	3,020,199
Chung Shan Meng	5,385,738	39,000	26,400	5,398,338
Datin Seri Raihanah Begum Binti Abdul Rahman	2,520,000	-	-	2,520,000
Goh Kheng Jiu	56,269,479	-	-	56,269,479
Khoo Beng Hwa	937,783	-	-	937,783
Tan Wan Huat	996,641	-	-	996,641
Teh Hui Guan	4,222,722	-	-	4,222,722
Thang Yuen Mei	611,736	-	-	611,736
Chung Shan Hui (alternate Director to Fu Jun)	5,606,838	39,000	26,400	5,619,438

By virtue of his interests in the shares of the Company, Goh Kheng Jiu is also deemed to have interest in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the other Director in office at the end of the financial year held or dealt with any shares of the Company or its related corporations during the financial year under review.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a 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 corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' REPORT

Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
 - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liabilities have become enforceable, or are 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 affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Company or its subsidiary companies which has arisen since the end of the financial year.

Auditors

The auditors, Anuarul Azizan Chew & Co., have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

CHUNG SHAN KWANG

THANG YUEN MEI

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

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

We, CHUNG SHAN KWANG and THANG YUEN MEI, being two of the Directors of WANG- ZHENG BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 29 to 64 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

CHUNG SHAN KWANG

THANG YUEN MEI

KUALA LUMPUR
28 April 2008

STATUTORY DECLARATION

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

I, LEONG TING SIONG @ MARTIN LEONG, being the officer primarily responsible for the financial management of WANG-ZHENG BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 29 to 64 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 LEONG TING SIONG
@ MARTIN LEONG at KUALA LUMPUR
in the Federal Territory this
28 April 2008

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)

LEONG TING SIONG @ MARTIN LEONG

Before me,

No. W181
Maisharah
Binti Abu Hasan

COMMISSIONER FOR OATHS

REPORT OF THE AUDITORS TO THE MEMBERS OF WANG-ZHENG BERHAD

We have audited the financial statements set out on pages 29 to 64 of Wang-Zheng Berhad.

The financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 5 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

ANUARUL AZIZAN CHEW & CO.
Firm Number: AF 0791
Chartered Accountants

TEE GUAN PIAN
Approved Number: 1886/05/08 (J/PH)
Partner of Firm

KUALA LUMPUR
28 April 2008

BALANCE SHEETS

AS AT 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Non-Current Assets					
Property, plant and equipment	3	40,321,202	37,346,162	9,128	10,649
Prepaid lease payments	4	9,068,615	9,163,094	-	-
Investment in subsidiary companies	5	-	-	57,884,038	57,884,038
Investment properties	6	3,972,826	3,998,174	-	-
Other investment	7	15,902	16,332	-	-
		<u>53,378,545</u>	<u>50,523,762</u>	<u>57,893,166</u>	<u>57,894,687</u>
Current Assets					
Inventories	8	54,438,463	47,015,795	-	-
Trade receivables	9	50,906,124	40,643,597	-	-
Other receivables	10	2,863,618	2,134,102	3,204,920	-
Tax recoverable		1,413,239	1,685,581	1,164,458	37,735
Amount owing by subsidiary companies	11	-	-	14,354,610	14,354,610
Fixed deposits with licensed banks	12	3,173,354	7,598,825	-	-
Cash and bank balances		12,534,393	11,073,053	225,356	538,611
		<u>125,329,191</u>	<u>110,150,953</u>	<u>18,949,344</u>	<u>14,930,956</u>
Current Liabilities					
Trade payables	13	8,084,391	7,109,939	-	-
Other payables	14	4,792,804	3,303,281	11,500	10,536
Hire purchase payables	15	4,255,847	4,070,918	-	-
Amount owing to subsidiary companies	11	-	-	11,650,705	11,650,840
Amount owing to directors	16	120,000	108,000	120,000	108,000
Borrowings	17	60,904,477	50,981,239	-	-
Tax payable		795,636	444,554	-	-
		<u>78,953,155</u>	<u>66,017,931</u>	<u>11,782,205</u>	<u>11,769,376</u>
Net current assets		<u>46,376,036</u>	<u>44,133,022</u>	<u>7,167,139</u>	<u>3,161,580</u>
		<u>99,754,581</u>	<u>94,656,784</u>	<u>65,060,305</u>	<u>61,056,267</u>

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

BALANCE SHEETS

AS AT 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Financed By:					
Share capital	18	60,000,000	60,000,000	60,000,000	60,000,000
Share premium		837,912	837,912	837,912	837,912
Retained profits		24,748,254	16,579,523	3,099,151	218,355
Total equity attributable to equity holders of the parent		85,586,166	77,417,435	63,937,063	61,056,267
Non-Current Liabilities					
Hire purchase payables	15	5,317,862	7,496,366	-	-
Borrowings	17	7,759,014	8,981,315	-	-
Deferred tax liabilities	19	1,091,539	761,668	1,123,242	-
		14,168,415	17,239,349	1,123,242	-
		99,754,581	94,656,784	65,060,305	61,056,267

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Revenue	20	201,104,525	170,682,748	6,658,281	4,789,063
Cost of sales		(172,871,816)	(152,150,593)	-	-
Gross profit		28,232,709	18,532,155	6,658,281	4,789,063
Other operating income	21	7,279,402	17,538,561	-	-
Marketing and distribution expenses		(1,776,248)	(1,413,300)	-	-
Administration expenses	22	(17,744,714)	(17,181,083)	(254,502)	(273,371)
Finance costs	23	(3,589,128)	(2,774,031)	-	-
Profit before taxation		12,402,021	14,702,302	6,403,779	4,515,692
Taxation	24	(2,393,690)	(2,979,799)	(1,683,383)	(1,329,636)
Net profit for the financial year - attributable to equity holders of the parent		10,008,331	11,722,503	4,720,396	3,186,056
Earnings per share - attributable to equity holders of the parent (sen)					
Basic		8.34	9.77		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

Group	Note	Attributable to Equity Holders of the Parent				Total RM
		Share Capital RM	Non-distributable		Distributable	
			Share Premium RM	Reserve on Consolidation RM	Retained Profits RM	
At 1 January 2006		60,000,000	837,912	6,317,722	1,563,298	68,718,932
Effect of adopting FRS	3	-	-	(6,317,722)	6,317,722	-
Net loss for the financial year		-	-	-	11,722,503	11,722,503
Dividend	26	-	-	-	(3,024,000)	(3,024,000)
At 31 December 2006		60,000,000	837,912	-	16,579,523	77,417,435
At 1 January 2007		60,000,000	837,912	-	16,579,523	77,417,435
Net profit for the financial year		-	-	-	10,008,331	10,008,331
Dividend	26	-	-	-	(1,839,600)	(1,839,600)
At 31 December 2007		60,000,000	837,912	-	24,748,254	85,586,166

Company	Note	Non-distributable	Distributable	Total	
		Share Capital RM	Share Premium RM		Retained Profits RM
At 1 January 2006		60,000,000	837,912	56,299	60,894,211
Net profit for the financial year		-	-	3,186,056	3,186,056
Dividend	26	-	-	(3,024,000)	(3,024,000)
At 31 December 2006		60,000,000	837,912	218,355	61,056,267
At 1 January 2007		60,000,000	837,912	218,355	61,056,267
Net profit for the financial year		-	-	4,720,396	4,720,396
Dividend	26	-	-	(1,839,600)	(1,839,600)
At 31 December 2007		60,000,000	837,912	3,099,151	63,937,063

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash Flows From Operating Activities				
Profit before taxation	12,402,021	14,702,302	6,403,779	4,515,692
Adjustment for:				
Allowance for doubtful debts	500,000	773,433	-	-
Allowance for doubtful debts written-back	-	(50,000)	-	-
Amortisation of prepaid lease payments	94,479	117,424	-	-
Bad debts written-off	2,005,781	22,247	-	-
Bad debts recovered	(24,799)	(36,792)	-	-
Allowance for slow moving inventories	1,650,000	1,839,278	-	-
Amortisation of other investment	430	430	-	-
Depreciation of property, plant and equipment	3,382,793	2,200,327	1,521	1,522
Depreciation of investment properties	25,348	25,350	-	-
Deposit written-off	1,237	-	-	-
Interest expense	3,589,128	2,774,031	-	-
Interest income	(465,904)	(400,973)	(282,742)	-
Dividend income	-	-	(6,375,539)	(4,789,063)
Gain on disposal of property, plant and equipment	(121,744)	(87,999)	-	-
Property, plant and equipment written-off	3,394	1	-	-
Unrealised loss on foreign exchange	14,306	1,209	-	-
Operating profit/(loss) before working capital changes	23,056,470	21,880,268	(252,981)	(271,849)
Decrease/(Increase) in working capital				
Inventories	(9,072,668)	(10,696,976)	-	-
Trade and other receivables	(13,488,568)	(1,387,986)	(8,000)	12,200
Amount owing by/(to) subsidiary companies	-	-	(135)	20,113
Trade and other payables	2,463,975	(222,178)	964	515
Amount owing to directors	12,000	(74,982)	12,000	(40,800)
	(20,085,261)	(12,382,122)	4,829	(7,972)
Cash generated from/(used in) operations	2,971,209	9,498,146	(248,152)	(279,821)
Interest received	465,904	400,973	282,742	-
Interest paid	(3,589,128)	(2,774,031)	-	-
Tax refund	1,290,848	144,131	-	-
Tax paid	(2,731,243)	(3,000,897)	(8,670)	(11,200)
	(4,563,619)	(5,229,824)	274,072	(11,200)
Net cash (used in)/from operating activities	(1,592,410)	4,268,322	25,920	(291,021)

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	27	(3,637,902)	(6,773,027)	-	-
Prepaid lease payments made		-	(4,702,288)	-	-
Dividend received		-	-	1,500,425	3,448,125
Proceeds from disposal of property, plant and equipment		225,700	88,000	-	-
Net cash (used in)/from investing activities		(3,412,202)	(11,387,315)	1,500,425	3,448,125
Cash Flows From Financing Activities					
Dividend paid		(1,839,600)	(3,024,000)	(1,839,600)	(3,024,000)
Decreased in fixed deposits pledged		3,065,867	153,766	-	-
Repayment of borrowings		(133,335,630)	(123,526,984)	-	-
Repayment of hire purchase payables		(4,181,129)	(3,229,445)	-	-
Drawdown of borrowings		141,396,353	132,373,828	-	-
Net cash from/(used in) financing activities		5,105,861	2,747,165	(1,839,600)	(3,024,000)
Net increase/(decrease) in cash and cash equivalents		101,249	(4,371,828)	(313,255)	133,104
Cash and cash equivalents at beginning of the financial year		13,570,308	17,942,136	538,611	405,507
Cash and cash equivalents at end of the financial year		13,671,557	13,570,308	225,356	538,611
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		12,534,393	11,073,053	225,356	538,611
Fixed deposits with licensed banks		3,173,354	7,598,825	-	-
Bank overdraft		(487)	-	-	-
		15,707,260	18,671,878	225,356	538,611
Less: Fixed deposits pledged to licensed banks		(2,035,703)	(5,101,570)	-	-
		13,671,557	13,570,308	225,356	538,611

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are stated in Note 5 of the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 20C, Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur.

The principal place of business of the Company is located at No.1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor Darul Ehsan.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

During the financial year, the Group and the Company have adopted the following applicable Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board that are mandatory for current financial year:

FRS 117	Leases
FRS 124	Related Party Disclosures

The Directors of the Group and of the Company anticipate that the application of the above FRSs do not have any significant impact on the financial statements of the Group and of the Company, except as disclosed in Note 31 to the financial statements.

The Directors of the Group and of the Company anticipate that the application of the following amendment to FRS and revised FRSs which are mandatory and will be effective for financial period as stated below will have no material impact on the financial statements of the Group and of the Company:

		Effective date for financial period beginning on or after
Amendment	The Effects of Changes in Foreign Exchange Rates - Net Investment to FRS 121 in a Foreign Operation	1 July 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(a) Basis of accounting (cont'd)

		Effective date for financial period beginning on or after
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(i) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group and of the Company are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment as stated in Note 2(g)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could have impact on the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's and the Company's property, plant and equipment at 31 December 2007 are disclosed in Note 3 to the financial statements.

(ii) Amortisation of prepaid lease payments

The costs of prepaid lease payments of the Group is amortised on a straight-line basis over the useful lives of the assets. These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amounts of the Group's prepaid lease payments at 31 December 2007 are disclosed in Note 4 to the financial statements.

(iii) Depreciation of investment properties

The costs of investment properties of the Group are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the investment properties as stated in Note 2(h). These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's investment properties at 31 December 2007 is stated in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) Significant accounting estimates and judgements (cont'd)

(iv) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (1) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; or
- (2) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(v) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies and its associated companies from the date that control effectively commences until the date that control effectively ceases through equity accounting which are made up to the end of the financial year.

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

The purchase method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed attributable to the acquirer in a business combination are measured initially at their fair values on the date of acquisition. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the fair value of identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(e) Investments in subsidiary companies

Investments in subsidiary companies are stated at cost less impairment losses. The policy of the recognition and measurement of impairment losses is in accordance with Note 2(j).

On disposal of these investments, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(f) Other investments

Other investments are stated at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(j).

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

(g) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(j).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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. 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.

(ii) 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(g) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant and machinery	5 - 12½ years
Motor vehicles	5 years
Office equipment and computers	5 - 10 years
Furniture and fittings	8 - 10 years
Air conditioners	8 - 10 years
Electrical installation and renovation	4 - 10 years
Factory equipment	10 years
Signboard	8 - 10 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Upon disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is charged or credited to the income statement. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

(h) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. Properties that are occupied by the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(j).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

(i) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and its title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that is amortised over the lease term except for leasehold land classified as investment property. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(j) Impairment of assets

The carrying amounts of 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. The recoverable amount is estimated at each reporting date or more frequently when indications of impairment are identified.

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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement in the period in which it arises. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit (groups of units) and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

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.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in, first out method. The cost of raw materials comprises cost of purchase. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads.

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

(l) Trade and other receivables

Trade and other 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. Doubtful debts are provided based on specific review of the receivables. Bad debts are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank 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 and pledged deposits, if any.

(n) Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled.

(o) Lease and hire purchase

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are treated as operating leases.

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as liabilities. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practical to determine; otherwise, the Company's incremental borrowing rate is used.

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

The depreciation policy for hire purchase assets is consistent with that for depreciable property, plant and equipment which are owned.

Lease rental under operating lease is charged to the income statement on a straight line basis over the term of the relevant lease.

(p) Provision for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(q) Borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(r) Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the borrowings are made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawn down from that borrowing facility.

When the borrowings are made generally, and used for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate which is the weighted of the borrowing costs applicable to the Group's and the Company's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset.

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the income statement in the period in which they are incurred.

(s) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an assets or liabilities in the balance sheet and its tax base at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(t) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

The closing exchange rates used for each unit of the main foreign currencies in the Group are:

	2007 RM	2006 RM
United States Dollar	3.3115	3.5500
Singapore Dollar	2.2817	2.2700

(u) Revenue recognition

(i) Goods sold

Revenue from sales of goods is recognised when significant risk and rewards have been transferred to the buyer, net of sales taxes and discounts.

(ii) Dividend income

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

(iii) Rental income

Rental income is recognised as it accrues unless ability to collect is in doubt.

(iv) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(v) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statements as incurred.

(w) Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, deposits, marketable securities, other investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheet when the Group and the Company have become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised on the balance sheets is disclosed in the individual accounting policy statements associated with each item.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment

Group	leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment and computers RM	Furniture and fittings RM	Air- conditioners RM	Electrical installation and renovation RM	Factory equipment RM	Signboard RM	Total RM
Cost										
At 1.1.2007										
- As previously stated	21,761,827	23,530,101	4,559,228	791,049	2,077,175	9,060	413,681	532,528	1,340	53,675,989
- Effect of adopting FRS 117	(9,469,373)	-	-	-	-	-	-	-	-	(9,469,373)
At 1.1.2007, as restated	12,292,454	23,530,101	4,559,228	791,049	2,077,175	9,060	413,681	532,528	1,340	44,206,616
Additions	1,261,572	2,362,196	885,593	86,902	21,470	4,795	327,463	1,500,061	15,131	6,465,183
Written off	-	(86,532)	(85,400)	(4,264)	-	-	-	-	-	(176,196)
Disposal	-	-	(506,853)	-	-	-	(3,163)	-	-	(510,016)
At 31.12.2007	13,554,026	25,805,765	4,852,568	873,687	2,098,645	13,855	737,981	2,032,589	16,471	49,985,587
Accumulated depreciation										
At 1.1.2007										
- As previously stated	531,248	2,212,395	3,466,041	346,897	425,276	5,580	121,061	57,565	670	7,166,733
- Effect of adopting FRS 117	(306,279)	-	-	-	-	-	-	-	-	(306,279)
At 1.1.2007, as restated	224,969	2,212,395	3,466,041	346,897	425,276	5,580	121,061	57,565	670	6,860,454
Charge for the financial year	264,129	1,964,397	663,944	73,292	209,561	1,386	75,023	129,792	1,269	3,382,793
Written off	-	(86,529)	(85,398)	(875)	-	-	-	-	-	(172,802)
Disposal	-	-	(402,898)	-	-	-	(3,162)	-	-	(406,060)
At 31.12.2007	489,098	4,090,263	3,641,689	419,314	634,837	6,966	192,922	187,357	1,939	9,664,385
Carrying amount										
At 31.12.2007	13,064,928	21,715,502	1,210,879	454,373	1,463,808	6,889	545,059	1,845,232	14,532	40,321,202

Group	leasehold buildings RM	Freehold land and buildings RM	Construction -in-progress RM	Plant and machinery RM	Motor vehicles RM	Office equipment and computers RM	Furniture and fittings RM	Air- conditioners RM	Electrical installation and renovation RM	Factory equipment RM	Signboard RM	Total RM
Cost												
At 1.1.2006												
- as previously stated	5,811,085	4,200,962	10,581,731	8,234,216	4,502,740	480,215	697,566	9,060	328,981	214,057	1,340	35,061,953
- effect of adopting FRS 140	-	(4,200,962)	-	-	-	-	-	-	-	-	-	(4,200,962)
- effect of adopting FRS 117	(4,767,085)	-	-	-	-	-	-	-	-	-	-	(4,767,085)
At 1.1.2006, restated	1,044,000	-	10,581,731	8,234,216	4,502,740	480,215	697,566	9,060	328,981	214,057	1,340	26,093,906
Additions												
- as previously stated	4,702,288	-	666,723	15,295,885	396,988	310,834	1,379,609	-	84,700	318,471	-	23,155,498
- effect of adopting FRS 117	(4,702,288)	-	-	-	-	-	-	-	-	-	-	(4,702,288)
- as restated	-	-	666,723	15,295,885	396,988	310,834	1,379,609	-	84,700	318,471	-	18,453,210
Write off	-	-	-	-	(70,500)	-	-	-	-	-	-	(70,500)
Disposal	-	-	-	-	(270,000)	-	-	-	-	-	-	(270,000)
Other movement	11,248,454	-	(11,248,454)	-	-	-	-	-	-	-	-	-
At 31.12.2006	12,292,454	-	-	23,530,101	4,559,228	791,049	2,077,175	9,060	413,681	532,528	1,340	44,206,616
Accumulated depreciation												
At 1.1.2006												
- as previously stated	188,855	177,438	-	1,300,957	3,105,951	267,034	222,489	4,674	78,286	20,698	536	5,366,918
- effect of adopting FRS 140	-	(177,438)	-	-	-	-	-	-	-	-	-	(177,438)
- effect of adopting FRS 117	(188,855)	-	-	-	-	-	-	-	-	-	-	(188,855)
At 1.1.2006, restated	-	-	-	1,300,957	3,105,951	267,034	222,489	4,674	78,286	20,698	536	5,000,625
Charge for the financial year												
- as previously stated	342,393	-	-	911,438	700,588	79,863	202,787	906	42,775	36,867	134	2,317,751
- effect of adopting FRS 117	(117,424)	-	-	-	-	-	-	-	-	-	-	(117,424)
- as restated	224,969	-	-	911,438	700,588	79,863	202,787	906	42,775	36,867	134	2,200,327
Write off	-	-	-	-	(70,499)	-	-	-	-	-	-	(70,499)
Disposal	-	-	-	-	(269,999)	-	-	-	-	-	-	(269,999)
At 31.12.2006	224,969	-	-	2,212,395	3,466,041	346,897	425,276	5,580	121,061	57,565	670	6,860,454
Carrying amount												
At 31.12.2006												
- as previously stated	21,230,579	-	-	21,317,706	1,093,187	444,152	1,651,899	3,480	292,620	474,963	670	46,509,256
- effect of adopting FRS 117	(9,163,094)	-	-	-	-	-	-	-	-	-	-	(9,163,094)
At 31.12.2006, restated	12,067,485	-	-	21,317,706	1,093,187	444,152	1,651,899	3,480	292,620	474,963	670	37,346,162

NOTES TO THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment (cont'd)

Company	Office equipment RM	Total RM
Cost		
At 1.1.2007/31.12.2007	15,213	15,213
Accumulated depreciation		
At 1.1.2007	4,564	4,564
Charge for the financial year	1,521	1,521
At 31.12.2007	6,085	6,085
Carrying amount		
At 31.12.2007	9,128	9,128
Cost		
At 1.1.2006/31.12.2006	15,213	15,213
Accumulated depreciation		
At 1.1.2006	3,042	3,042
Charge for the financial year	1,522	1,522
At 31.12.2006	4,564	4,564
Carrying amount		
At 31.12.2006	10,649	10,649

(a) Property, plant and equipment of the Group acquired under hire purchase are as follows:

	Group	
	2007 RM	2006 RM
Carrying amount		
Motor vehicles	1,957,983	795,786
Plant and machinery	14,475,939	18,728,561
	16,433,922	19,524,347

(b) Leasehold buildings with carrying amount of RM13,058,586 (2006: RM11,023,485) are pledged to licensed banks as security for credit facilities granted to the subsidiary companies as disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. Prepaid Lease Payments

	Group	
	2007 RM	2006 RM
Cost		
At 1 January		
- As previously stated	-	-
- Effect of adopting of FRS 117	9,469,373	4,767,085
	<hr/>	<hr/>
- As restated	9,469,373	4,767,085
Additions	-	4,702,288
	<hr/>	<hr/>
At 31 December	9,469,373	9,469,373
	<hr/>	<hr/>
Accumulated amortisation		
At 1 January		
- As previously stated	-	-
- Effect of adopting of FRS 117	306,279	188,855
	<hr/>	<hr/>
- As restated	306,279	188,855
Amortisation during the financial year	94,479	117,424
	<hr/>	<hr/>
At 31 December	400,758	306,279
	<hr/>	<hr/>
Carrying amount	9,068,615	9,163,094
	<hr/>	<hr/>

(a) The above leasehold land have been pledged to licensed banks as security for banking facilities granted to the subsidiary companies as disclosed in Note 17 to the financial statements.

(b) The remaining period of the lease terms range from 80 to 89 years (2006: 81 to 90 years).

5. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	57,884,038	57,884,038
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

5. Investment in Subsidiary Companies

(b) The subsidiary companies and shareholdings therein are as follows:

Name of company	Equity interest		Principal activities
	2007 %	2006 %	
Direct holding:			
Wang-Zheng Corporation Sdn. Bhd.	100	100	Distributor of disposable fibre-based products
Quality Hero Corporation Sdn. Bhd.	100	100	Manufacturer of adult and baby diapers, sanitary napkins and its related products
Carefeel Cotton Industries (M) Sdn. Bhd.	100	100	Manufacturing of facial cotton, tissues and other related products
New Top Win Corporation Sdn. Bhd.	100	100	Importing, processing and trading of papers and letting of properties
Modern Alpine Sdn. Bhd.	100	100	Trading of papers and related products
Mey Paper Industries Sdn. Bhd.	100	100	Manufacturing of corrugated paper carton boxes and other related

All the subsidiary companies are incorporated in Malaysia and are not audited by Anuarul Azizan Chew & Co.

6. Investment Properties

	Group	
	2007 RM	2006 RM
Cost		
At 1 January/31 December		
- As previously stated	4,200,962	-
- Effect of adopting FRS 140	-	4,200,962
- As restated	4,200,962	4,200,962
Accumulated depreciation		
At 1 January		
- As previously stated	202,788	-
- Effect of adopting FRS 140	-	177,438
- As restated	202,788	177,438
Charge for the financial year	25,348	25,350
At 31 December	228,136	202,788
Carrying amount	3,972,826	3,998,174
Fair value	4,985,000	4,485,000

The above investment properties with carrying amount of RM2,933,535 (2006: RM2,933,535) is pledged to licensed bank as security for credit facilities granted to the subsidiary companies as disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

7. Other Investment

	Group	
	2007 RM	2006 RM
Time-sharing scheme, at cost	19,341	19,341
Accumulated amortisation		
At 1 January	(3,009)	(2,579)
Amortisation during the financial year	(430)	(430)
At 31 December	(3,439)	(3,009)
	15,902	16,332

8. Inventories

	Group	
	2007 RM	2006 RM
Raw material	9,795,862	7,223,869
Finished goods	44,642,601	39,791,926
	54,438,463	47,015,795

9. Trade Receivables

	Group	
	2007 RM	2006 RM
Trade receivables	52,333,457	41,570,930
Allowance for doubtful debts	(1,427,333)	(927,333)
	50,906,124	40,643,597

The Group's and the Company's normal trade credit terms range from 30 to 90 days (2006: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

10. Other Receivables

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	1,706,372	427,042	8,000	-
Dividend receivable from subsidiary companies	-	-	3,196,920	-
Deposits	500,929	177,370	-	-
Prepayment	656,317	1,529,690	-	-
	<u>2,863,618</u>	<u>2,134,102</u>	<u>3,204,920</u>	<u>-</u>

11. Amount Owing by/(to) Subsidiary Companies

These represent unsecured interest free advances with no fixed term of repayment.

12. Fixed Deposits with Licensed Banks

The fixed deposits amounted to RM2,035,703 (2006: RM5,101,570) have been pledged to licensed banks as security for banking facilities granted to subsidiary companies as disclosed in Note 17 to the financial statements.

The interest rates and maturities of deposits range from 2.8% to 6.0% (2006: 2.4% to 3.7%) per annum and 7 days to 365 days (2006: 7 days to 365 days) respectively.

13. Trade Payables

The normal trade credit terms granted to the Group range from 60 to 90 days (2006: 60 to 90 days).

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	1,273,699	1,241,029	-	536
Accruals	2,795,556	2,049,152	11,500	10,000
Deposits	723,549	13,100	-	-
	<u>4,792,804</u>	<u>3,303,281</u>	<u>11,500</u>	<u>10,536</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Hire Purchase Payables

	2007 RM	Group 2006 RM
(a) Minimum hire purchase payments		
Within one year	4,779,154	4,653,372
Between one and five years	6,203,878	8,620,857
	10,983,032	13,274,229
Less: Future finance charges	(1,409,323)	(1,706,945)
Present value of hire purchase liabilities	9,573,709	11,567,284
(b) Present value of hire purchase liabilities		
Within one year	4,255,847	4,070,918
Between one and five years	5,317,862	7,496,366
	9,573,709	11,567,284
Analysed as:		
Repayable within twelve months	4,255,847	4,070,918
Repayable after twelve months	5,317,862	7,496,366
	9,573,709	11,567,284

The hire purchase liabilities bear interest at rates between 2.10% and 5.50% (2006: 2.90% and 10.05%) per annum.

16. Amount Owing to Directors

This represents unsecured interest free advances with no fixed term of repayment.

17. Borrowings

	2007 RM	Group 2006 RM
Secured		
Term loans		
- floating rates	9,139,018	12,398,121
Bill payables	59,523,986	47,564,433
Bank overdraft	487	-
Total borrowings	68,663,491	59,962,554

NOTES TO THE FINANCIAL STATEMENTS

17. Borrowings (cont'd)

	Group 2007 RM	2006 RM
Analysed as:		
Repayable within twelve months		
Term loans		
- floating rates	1,380,004	3,416,806
Bill payables	59,523,986	47,564,433
Bank overdraft	487	-
	<hr/> 60,904,477	<hr/> 50,981,239
Repayable after twelve months		
Term loans		
- floating rates	7,759,014	8,981,315
	<hr/> 68,663,491	<hr/> 59,962,554

The above credit facilities obtained from licensed banks are secured by the following:

- (a) legal charge over the freehold land, leasehold land and buildings of the subsidiary companies;
- (b) legal charge over the properties of certain Directors of the Company;
- (c) fixed and floating charge over all present and future assets of a subsidiary company;
- (d) a pledge of fixed deposits by certain subsidiary companies; and
- (e) corporate guarantee by the Company.

Maturity of borrowings is as follows:

	Group 2007 RM	2006 RM
Within one year	60,904,477	50,981,239
Between one and two years	6,127,669	5,782,840
Between two and five years	148,421	137,937
More than five years	1,482,924	3,060,538
	<hr/> 68,663,491	<hr/> 59,962,554

NOTES TO THE FINANCIAL STATEMENTS

17. Borrowings (cont'd)

Range of interest rates is as follows:

	Group	
	2007	2006
	%	%
Term loans		
- floating rates	5.00 - 8.00	7.50 - 8.50
Bill payables	7.00 - 8.25	7.00 - 8.75
Bank overdraft	7.75	-

18. Share Capital

	Group/Company	
	2007	2006
	RM	RM
Ordinary shares of RM0.50 each		
Authorised	100,000,000	100,000,000
Issued and fully paid	60,000,000	60,000,000

19. Deferred Tax Liabilities

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
At 1 January	761,668	358,994	-	-
Recognised in income statement	329,871	410,325	1,166,443	-
Relating to change of tax rate	-	(7,651)	(43,201)	-
At 31 December	1,091,539	761,668	1,123,242	-

The components and movements of deferred tax liabilities of the Group and of the Company are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances	Total
	RM	RM
At 1 January 2007	761,668	761,668
Recognised in income statement	329,871	329,871
At 31 December 2007	1,091,539	1,091,539

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred Tax Liabilities (cont'd)

	Accelerated capital allowances RM	Total RM
At 1 January 2006	358,994	358,994
Recognised in income statement	410,325	410,325
Relating to change of tax rate	(7,651)	(7,651)
At 31 December 2006	761,668	761,668

Deferred tax liabilities of the Company:

	Dividend receivable RM	Total RM
At 1 January 2007	-	-
Recognised in income statement	1,166,443	1,166,443
Relating to change of tax rate	(43,201)	(43,201)
At 31 December 2007	1,123,242	1,123,242

Deferred tax assets of the Group have not been recognised in respect of following temporary differences:

	2007 RM	2006 RM
Accelerated capital allowances	(505,207)	-
Unused tax losses	627,180	1,180,233
Unutilised capital allowances	163,268	205,162
Other deductible temporary differences	1,076,775	201,222
	1,362,016	1,586,617

The unused tax losses and unutilised capital allowances are available indefinitely for offset against future taxable profits of the companies in which those items arose.

NOTES TO THE FINANCIAL STATEMENTS

20. Revenue

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of goods	200,821,783	170,682,748	-	-
Interest income	282,742	-	282,742	-
Dividend income received/ receivable from subsidiary companies	-	-	6,375,539	4,789,063
	<u>201,104,525</u>	<u>170,682,748</u>	<u>6,658,281</u>	<u>4,789,063</u>

21. Other Operating Income

Included in the other operating income are:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Allowance for doubtful debts written-back	-	50,000	-	-
Bad debts recovered	24,799	36,792	-	-
Gain on disposal of property, plant and equipment	121,744	87,999	-	-
Insurance claim received	6,537,792	16,748,593	-	-
Interest income	183,162	400,973	-	-

22. Administration Expenses

Included in the administration expenses are:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Auditors' remuneration				
- statutory	79,500	72,000	11,500	10,000
- (over)/under provision in prior years	(3,560)	(695)	1,500	500
Allowance for doubtful debts	500,000	773,433	-	-
Allowance for slow moving inventories	1,650,000	1,839,278	-	-
Amortisation of other investment	430	430	-	-
Amortisation of prepaid lease payments	94,479	117,424	-	-
Bad debts written-off	2,005,781	22,247	-	-
Directors' remuneration				
- fees	120,000	168,000	120,000	108,000
- salaries and other emoluments	1,752,078	1,570,046	26,500	25,000
- under/(over) provision in prior year	12,000	(12,000)	12,000	(12,000)
- EPF	193,798	133,952	-	-
Depreciation of property, plant and equipment	3,382,793	2,200,327	1,521	1,522
Depreciation of investment properties	25,348	25,350	-	-
Deposit written-off	1,237	-	-	-
Hire of machinery	43,068	30,211	-	-
Property, plant and equipment written-off	3,394	1	-	-
Realised loss on foreign exchange	91,821	13,723	-	-
Rental of premises	945,237	356,681	-	-
Unrealised loss on foreign exchange	14,306	1,209	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. Finance Costs

	Group	
	2007 RM	2006 RM
Finance costs on:		
- bill payables	2,235,022	1,801,322
- lease and hire purchase	621,841	413,763
- term loans	725,342	557,546
- bank overdraft	1,328	212
- others	5,595	1,188
	<u>3,589,128</u>	<u>2,774,031</u>

24. Taxation

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Tax expense for the financial year:				
Current tax provision	2,760,285	2,586,532	593,100	1,326,710
(Over)/Under provision in prior year	(696,466)	(9,407)	(32,959)	2,926
	<u>2,063,819</u>	<u>2,577,125</u>	<u>560,141</u>	<u>1,329,636</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	329,871	410,325	1,166,443	-
Relating to change in tax rate	-	(7,651)	(43,201)	-
	<u>329,871</u>	<u>402,674</u>	<u>1,123,242</u>	<u>-</u>
	<u>2,393,690</u>	<u>2,979,799</u>	<u>1,683,383</u>	<u>1,329,636</u>

Income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the financial year. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 December 2007 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS

24. Taxation

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

	Group	
	2007 RM	2006 RM
Profit before taxation	12,402,021	14,702,302
Taxation at statutory tax rate of 27% (2006: 28%)	3,348,546	4,116,645
Tax incentive for small and medium scale companies at 20% tax rate	(70,500)	(137,044)
Expenses not deductible for tax purposes	931,365	1,132,820
Income not subject to tax	(2,700)	(1,596,606)
Tax effects of expenses that qualify for double deduction	(7,569)	(7,620)
Utilisation of previous unrecognised tax losses and capital allowances	(518,137)	(1,565,890)
Utilisation of reinvestment allowances	(426,705)	-
Reduction in tax rate used for deferred tax	-	(7,651)
Deferred tax assets not recognised	481,609	1,067,145
Reversal of deferred tax assets not recognised	(645,753)	(12,593)
Over provision of taxation in respect of prior years	(696,466)	(9,407)
Tax expense for the financial year	2,393,690	2,979,799

	Company	
	2007 RM	2006 RM
Profit before taxation	6,403,779	4,515,692
Taxation at statutory tax rate of 27% (2006: 28%)	1,729,020	1,264,394
Expenses not deductible for tax purposes	30,523	62,316
Reduction in tax rate used for deferred tax	(43,201)	-
(Over)/Under provision of taxation in respect of prior year	(32,959)	2,926
Tax expense for the financial year	1,683,383	1,329,636

The Group and the Company have unused tax losses and unutilised capital allowances amounting to approximately RM2,716,000 (2006: RM4,462,000) available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

25. Earnings Per Share

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated net profit for the financial year attributable to equity holders of the parent of RM10,008,331 (2006: RM11,722,503) and the weighted average number of ordinary shares in issue during the financial year of 120,000,000 (2006: 120,000,000) shares.

(b) Diluted earnings per share

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at financial year end.

26. Dividend

	Group/Company	
	2007	2006
	RM	RM
Final dividend of 2.1 sen (2006: 3.5 sen) less 27% (2006: 28%) taxation on 120,000,000 (2006: 120,000,000) ordinary shares in respect of financial year ended 2006 (2006: 2005)	1,839,600	3,024,000

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 3.5 sen less 26% taxation on 120,000,000 ordinary shares, amounting to a total dividend payable of RM3,108,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2008.

27. Purchase of Property, Plant and Equipment

	Group	
	2007	2006
	RM	RM
Aggregate costs		
- As previously stated	6,465,183	23,155,498
- Effect of adopting FRS 117	-	(4,702,288)
- As restated	6,465,183	18,453,210
Less:		
Hire purchase financing	(2,187,554)	(8,800,571)
Term loan financing	(639,727)	(2,879,612)
Cash payment	3,637,902	6,773,027

NOTES TO THE FINANCIAL STATEMENTS

28. Staff Costs

	2007 RM	2006 RM
Staff costs (excluding Directors)	10,198,798	8,584,952

Included in the staff costs above is contribution made to the Employees Provident Fund under a defined contribution plan for the Group and the Company amounting to RM983,942 and Nil (2006: RM687,503 and Nil).

29. Segment Information - Group

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

(a) Business segment

The principal businesses of the Group are those of manufacturing and distribution of disposable fibre-based products and paper products which are substantially within a single business segment, as such, segmental reporting is deemed not necessary.

(b) Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets and segment capital expenditure are based on geographical location of assets.

Revenue by geographical location of customers

	Group	
	2007 RM	2006 RM
Malaysia	189,394,959	162,445,989
Asia (other than Malaysia)	11,362,222	8,236,759
Australia	347,344	-
	201,104,525	170,682,748

Carrying amount of segment assets and segment capital expenditure are not disclosed as all the assets are located principally in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

30. Contingent Liabilities

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiary companies				
- Limit of guarantees	-	-	178,119,058	168,119,058
- Amount utilised	-	-	68,663,004	59,962,554
Banker's guarantees in favour of the local authorities				
- Secured	100,000	100,000	-	-
- Unsecured	230,000	230,000	-	-

31. Effects on Adoption of Revised FRSs

The effects on adoption of the following revised FRSs in financial year 2007 are set out below:

(a) FRS 117: Leases

This FRS requires that leases of land and buildings to be classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease.

Prior to 1 January 2007, leasehold land and building held for own use was classified as property, plant and equipment. Following the adoption of FRS 117, the Group reclassified upfront payments of leasehold land as prepaid lease payments. These payments are amortised on a straight line basis over the lease period.

The Group has applied the change in accounting policy in respect of the leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively. Certain comparative figures of the balance sheets of the Group have been restated. There was no impact on the income statement of the Group for the financial year ended 31 December 2006.

(b) FRS 124: Related Party Disclosures

FRS 124 has no material financial impact on the Group's and the Company's accounting policies. This standard affects the identification of related parties and has resulted in additional related party disclosures presented in the financial statements.

32. Financial Instruments

(a) Financial risk management objectives and policies

The Group and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risks. The Group and the Company does not trade in financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Instruments (cont'd)

(b) Foreign currency exchange risk

The Group is exposed to foreign currency risk on sales and purchases and that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Singapore Dollar. The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency	Financial Assets/(Liabilities) Held in Non-Functional Currency		
	United States Dollar RM	Singapore Dollar RM	Total RM
Group			
2007			
Trade receivables			
Ringgit Malaysia	3,441,924	512,288	3,954,212
Trade payables			
Ringgit Malaysia	89,000	361,065	450,065
2006			
Trade receivables			
Ringgit Malaysia	1,051,343	419,691	1,471,034
Trade payables			
Ringgit Malaysia	61,344	-	61,344

(c) Interest rate risk

The Group and the Company finances its operation through operating cash flows and borrowings. Interest rate exposure arises from the Group's and the Company's borrowings and deposits. The Group and the Company seeks to achieve the desired interest rate profile by maintaining a prudent mix of fixed and floating rate borrowings.

(d) Credit risk

The Group's and the Company's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via Group's and the Company's management reporting procedures and action will be taken for long outstanding debts.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Instruments (cont'd)

(e) Liquidity and cash flow risk

The Group and the Company actively manages its debt maturity profile, operating cash flows and maintains a flexible and cost effective borrowing structure to ensure that all refinancing, repayment and funding needs are met. The Group and the Company also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

(f) Fair values

- (i) The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.
- (ii) It is not practical to estimate the fair values of inter-company balances as there are no fixed repayment terms between the parties involved and without having to incur excessive costs. However, the Board of Directors does not anticipate the carrying amounts recorded at the balance sheets to be significantly different from the values that would eventually be received or settled.
- (iii) The aggregate fair values of the other financial assets and liabilities carried on the balance sheet are as follows:

	2007		2006	
	Carrying amount RM	Fair Value RM	Carrying amount RM	Fair value RM
GROUP				
Financial assets				
Unquoted investments	15,902	*	16,332	*
Financial liabilities				
Hire purchase payables	5,317,862	5,189,057	7,496,366	7,378,432
Borrowings	7,759,014	7,098,443	8,981,315	8,172,352

* It is not practical to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of the long term borrowings are estimated using the discounted cash flow analysis. Based on the prevailing borrowing rates of similar borrowings with the same maturity profile obtainable by the Company and the Group, the carrying values of the long term borrowings approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

33. Related Party Disclosures

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2007 RM	2006 RM
* Purchase of trading goods from a company in which certain Directors of the Company have interest	17,177,402	24,158,760
* Factory rental payable to a company in which certain Directors of the Company have interest	700,000	-

	Company	
	2007 RM	2006 RM
* Dividend income received/receivable from subsidiary companies	6,375,539	4,789,063

- * The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- (b) Information regarding outstanding balances arising from related party transactions are disclosed in Notes 10 and Note 11 to the financial statements.

- (c) Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term employee benefits	2,077,876	1,859,998	158,500	121,000

34. Comparative Figures

The audited financial statements for the financial year ended 31 December 2007 was prepared in accordance with the then effective applicable approved accounting standards in Malaysia. With the adoption of the revised FRS 117 as disclosed in Note 31 to the financial statements, certain comparative figures as at 31 December 2006 have been reclassified as follows:

	As previously stated RM	Effect of adopting FRS 117 RM	As restated RM
Group			
Balance Sheets			
Property, plant and equipment	46,509,256	(9,163,094)	37,346,162
Prepaid lease payments	-	9,163,094	9,163,094

NOTES TO THE FINANCIAL STATEMENTS

34. Comparative Figures (cont'd)

	As previously stated RM	Effect of adopting FRS 117 RM	As restated RM
Group			
Cash flow Statements			
<i>Operating profit before working capital changes</i>			
Depreciation of property, plant and equipment	2,317,751	(117,424)	2,200,327
Amortisation of prepaid lease payments	-	117,424	117,424
<i>Cash flow from investing activities</i>			
Purchase of property, plant and equipment	(11,475,315)	4,702,288	(6,773,027)
Prepaid lease payments made	-	(4,702,288)	(4,702,288)

35. Section 108 Tax Credit

Subject to the agreement with Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends of approximately RM500,000 (2006: RM814,000) out of its retained profits as at 31 December 2007 without incurring any additional tax liability. If the balance of the retained profits were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM913,000 (2006: Nil).

36. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2007 was authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2008.

LIST OF PROPERTIES

AS AT 30 APRIL 2008

		Aprox. age of building (Years)	Tenure/Date of expiry of lease	Description and existing use	Land area (sqm)	Built-up area (sqm)	Unaudited Net book value @ 30.04.08 (RM)
Wang-Zheng Corporation Sdn Bhd							
1	No. 5C, Storey No.5, Downtown Condominium, 10, Changkat Raja Chulan, Bukit Ceylon, Kuala Lumpur (held under Master Title Geran 25917 - formerly CT 14612, Lot 29, Section 57, Kuala Lumpur, Wilayah Persekutuan)	17	Freehold	Condominium, currently rented out to unrelated parties.	N/A	121.70	193,640
2	No. 5D, Storey No.5, Downtown Condominium, 10, Changkat Raja Chulan, Bukit Ceylon, Kuala Lumpur (held under Master Title Geran 25917 - formerly CT 14612, Lot 29, Section 57, Kuala Lumpur, Wilayah Persekutuan)	17	Freehold	Condominium, currently rented out to unrelated parties.	N/A	135.45	220,840
3	Lot No. 8 & 10, Jalan Pusat BCH 1C, Bandar Country Homes, 48000 Rawang ("Lot No. 8 & 10") (held under HS(D)36700 & 36701, PT140 & 141, Bandar Kundang, Daerah Gombak, Selangor)	9	99 years lease expiring on 18.09.2089	Two(2) units of intermediate three (3) storey shophouse. Used to store documents and other filing records.	286.00	429.00	383,513
New Top Win Corporation Sdn Bhd							
4	No. 2B, Storey No.2, Downtown Condominium, 10, Changkat Raja Chulan, Bukit Ceylon, Kuala Lumpur (held under Master Title Geran 25917 - formerly CT 14612, Lot 29, Section 57, Kuala Lumpur, Wilayah Persekutuan)	17	Freehold	Condominium, currently rented out to unrelated parties.	N/A	121.70	187,067
5	No. 4C, Storey No.4, Downtown Condominium, 10, Changkat Raja Chulan, Bukit Ceylon, Kuala Lumpur (held under Master Title Geran 25917 - formerly CT 14612, Lot 29, Section 57, Kuala Lumpur, Wilayah Persekutuan)	17	Freehold	Condominium, currently rented out to unrelated parties.	N/A	121.70	187,067

LIST OF PROPERTIES

AS AT 30 APRIL 2008

		Aprox. age of building	Tenure/Date of expiry of lease	Description and existing use (sqm)	Land area (sqm)	Built-up area (RM)	Unaudited Net book value @ 30.04.08
(Years)							
New Top Win Corporation Sdn Bhd							
6	No.4D, Storey No.4, Downtown Condominium, 10, Changkat Raja Chulan, Bukit Ceylon, Kuala Lumpur (held under Master Title Geran 25917 - formerly CT 14612, Lot 29, Section 57, Kuala Lumpur, Wilayah Persekutuan)	17	Freehold	Condominium, currently rented out to unrelated parties.	N/A	135.45	242,227
7	No.47, Jalan Pahang, 53000 Kuala Lumpur (held under Geran 10942, Lot 71, Section 86, Kuala Lumpur, Wilayah Persekutuan)	N/A	Freehold	Commercial land Rented out to a third party carrying out commercial activities.	1,595.93	N/A	2,933,535
8	HS(D) 115081, PT 36416, Mukim Sungai Buloh, Daerah Petaling, Selangor (“HS(D) 115081”) (Mah Sing Industrial Park)	2	99 years lease expiring on 11.12.2096	Industrial land on which an office-cum-factory building has been constructed for use by Wang-Zheng Group.	26,305.00	N/A	16,099,888
9	HS (D) 115080, PT 36415, Mukim Sungai Buloh, Daerah Petaling, Selangor (Mah Sing Industrial Park)	N/A	99 years lease expiring on 11.12.2096	Industrial land currently vacant. Plan to construct a warehouse building for use by Wang-Zheng Group.		N/A	1,351,234
10	HS (D) 115079, PT 36414, Mukim Sungai Buloh, Daerah Petaling, Selangor (Mah Sing Industrial Park)	1	99 years lease expiring on 11.12.2096	Industrial land on which a warehouse building has been constructed for use by Wang-Zheng Group		N/A	3,818,675

STATISTICS OF SHAREHOLDINGS

AS AT 16 MAY 2008

	No. of holders	% of shareholders	No. of holdings	% of shares	
1 – 99	2	0.19	100	0.00	(Negligible)
100 – 1,000	412	38.11	240,300	0.20	
1,001 – 10,000	404	37.37	1,999,950	1.67	
10,001 – 100,000	184	17.02	6,302,103	5.25	
100,001 – 5,999,999*	77	7.12	47,574,547	39.64	
6,000,000 AND ABOVE**	2	0.19	63,883,000	53.24	
	1,081	100.00	120,000,000	100.00	

REMARK : * - Less than 5% of issued holdings

** - 5% and above of issued holdings

Substantial Shareholders

	Direct	%	Indirect	%
1 Wang-Zheng Resources Sdn Bhd	54,000,000	45.00	-	-
2 Lembaga Tabung Angkatan Tentera	9,883,000	8.24	-	-
3 Chung Shan Kwang	3,238,072	2.70	4,289,432 ^(a)	3.58
4 Goh Kheng Jiu	4,222,722	3.52	56,269,479 ^(b)	46.90
5 Chung Shan Meng	1,269,233	1.06	5,398,338 ^(c)	4.50
6 Chung Shan Hui	1,048,133	0.87	5,619,438 ^(d)	4.68
7 Teh Hui Guan	1,961,479	1.63	4,222,722 ^(e)	3.52

(a) Deemed interest through direct shareholdings of his brothers, parent, sister-in-law and deemed interested in the shares held by Macro-Link Sdn Bhd pursuant to Section 6A of the Companies Act.

(b) Deemed interest through direct shareholdings of his spouse, brother-in-law and by virtue of his substantial shareholdings in Wang-Zheng Resources Sdn Bhd.

(c) Deemed interest through direct shareholdings of his brothers, parent and sister-in-law.

(d) Deemed interest through direct shareholdings of his brothers, parent and spouse.

(e) Deemed interest through direct shareholdings of his brother-in-law.

Directors' interests in shares

	Direct	%	Indirect	%
Chung Shan Kwang	3,238,072	2.70	4,289,432 ⁽¹⁾	3.58
Goh Kheng Jiu	4,222,722	3.52	56,269,479 ⁽²⁾	46.89
Datin Seri Raihanah Begum Binti Abdul Rahman	-	-	2,520,000 ⁽³⁾	2.1
Mej Jen (B) Dato' Pahlawan (Dr) Mohana Dass A/L Ramasamy	-	-	-	-
Khoo Beng Hwa	2,736,198	2.28	937,783 ⁽⁴⁾	0.78
Thang Yuen Mei	2,244,487	1.87	611,736 ⁽⁵⁾	0.51
Tan Wan Huat	1,664,887	1.39	996,641 ⁽⁶⁾	0.83
Chai Tuck Chuen	2,344,459	1.95	451,669 ⁽⁷⁾	0.38
Teh Hui Guan	1,961,479	1.63	4,222,722 ⁽⁸⁾	3.52
Dato' Tan Teck Ang	996,641	0.83	1,664,887 ⁽⁹⁾	1.39

STATISTICS OF SHAREHOLDINGS

AS AT 16 MAY 2008

Directors' interests in shares (cont'd)

	Direct	%	Indirect	%
Chung Shan Meng	1,296,233	1.06	5,398,338 ⁽¹⁰⁾	4.50
Fu Jun	20,000	0.02	859,933 ⁽¹¹⁾	0.72
Loo Choo Hong	10,000	0.01	-	-
Ch'ng Eng Hing	20,000	0.02	-	-
Low Yu Keat	70,000	0.06	-	-
Tan Kar Thye	20,000	0.02	-	-
Yap Kien Pin	20,000	0.02	-	-
Chung Shan Hui (Alternate director to Fu Jun)	1,048,133	0.87	5,619,438 ⁽¹²⁾	4.68

- (1) Deemed interest through direct shareholdings of brothers, parent, sister-in-law and deemed interest in the shares held by Macro-Link Sdn Bhd pursuant to Section 6A of the Companies Act.
- (2) Deemed interest through direct shareholdings of spouse, brother-in-law and substantial shareholdings in Wang-Zheng Resources Sdn Bhd.
- (3) Deemed interest through direct shareholdings of spouse.
- (4) Deemed interest through direct shareholdings of brother and spouse.
- (5) Deemed interest through direct shareholdings of brother and spouse.
- (6) Deemed interest through direct shareholdings of brother.
- (7) Deemed interest through direct shareholdings of brother.
- (8) Deemed interest through direct shareholdings of brother-in-law.
- (9) Deemed interest through direct shareholdings of brother.
- (10) Deemed interest through direct shareholdings of brothers, parent and sister-in-law.
- (11) Deemed interest through substantial shareholdings in Macro-Link Sdn Bhd.
- (12) Deemed interest through direct shareholdings of spouse, brothers and parent.

Thirty largest shareholders

	No. of shares	% of shares
1. Wang-Zheng Resources Sdn Bhd	54,000,000	45.00
2. Lembaga Tabung Angkatan Tentera	9,883,000	8.24
3. Goh Kheng Jiu	4,222,722	3.52
4. Chung Shan Kwang	3,238,072	2.70
5. Khoo Beng Hwa	2,736,198	2.28
6. Chua Lean Hong	2,663,100	2.22
7. Chai Tuck Chuen	2,344,459	1.95
8. Thang Yuen Mei	2,244,487	1.87
9. EB Nominees (Tempatan) Sendirian Berhad Pledge Securities Account for Dato' Seri Abdul Azim Bin Mohd Zabidi (SFC)	1,835,950	1.53
10. Wong Yip Kee	1,824,950	1.52
11. Teh Hui Guan	1,761,479	1.47
12. Tan Wan Huat	1,664,887	1.39
13. Chung Shan Meng	1,269,233	1.06
14. Chung Shan Hui	1,048,133	0.87
15. Dato' Tan Teck Ang	996,641	0.83

STATISTICS OF SHAREHOLDINGS

AS AT 16 MAY 2008

Thirty largest shareholders (cont'd)

	No. of shares	% of shares
16. Mohd Razali Bin Abdul Rahman	904,300	0.75
17. Tan Poay Jong	897,500	0.75
18. Macro-Link Sdn Bhd	859,933	0.72
19. Chung Shan Yong	813,133	0.68
20. Khoo Beng Keong	776,783	0.65
21. Lee Piang Koon	772,540	0.64
22. Chuah Joon Hooi	726,076	0.61
23. Seet Peng Keong	681,000	0.57
24. Lee Pek Tin	588,400	0.49
25. Chia Joo Hong	580,000	0.48
26. Mayban Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Ng Beng Hoo	460,700	0.38
27. Chai Teck Seng	451,669	0.38
28. Boon Ming Motor & Cycle Parts Co. Sdn Bhd	421,000	0.35
29. Chuah Joon Hooi	389,000	0.32
30. Choo Kok Cheng	371,903	0.31
Total 30 top holders	101,427,248	84.52

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of Wang-Zheng Berhad (“WZB” or “the Company”) will be held at Sri Damansara Club Berhad of Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 26 June 2008, at 11.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)
2. To declare a First and Final Dividend of 3.5 sen per share less 26% income tax for the financial year ended 31 December 2007. (Ordinary Resolution 2)
3. To approve the payment of Directors’ fees of RM150,000.00 to non-executive directors of the Company for the financial year ended 31 December 2007. (Ordinary Resolution 3)
4. To approve the payment of bonus amounting to RM850,000.00 to the executive directors of WZB Group for the financial year ended 31 December 2007. (Ordinary Resolution 4)
5. To re-elect the following Directors who retire pursuant to Article 91 of the Company’s Articles of Association :-
 - a) Mr. Chung Shan Kwang (Ordinary Resolution 5)
 - b) Mr. Goh Kheng Jiu (Ordinary Resolution 6)
 - c) Mr. Ch’ng Eng Hing (Ordinary Resolution 7)
 - d) Mr. Tan Kar Thye (Ordinary Resolution 8)
 - e) Ms. Low Yu Keat (Ordinary Resolution 9)
 - f) Mr. Yap Kien Pin (Ordinary Resolution 10)
6. To appoint Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 11)

Notice of Nomination from a shareholder pursuant to Section 172 (11) of the Companies Act, 1965, has been received by the Company for the nomination of Messrs. UHY Diong (a copy of which is annexed hereto and marked “Annexure A”), who have given their consent to act, for the appointment as Auditors and intention to propose the following Ordinary Resolution :-

“THAT Messrs. UHY Diong be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. Anuarul Azizan Chew & Co., and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration.”

NOTICE OF ANNUAL GENERAL MEETING

7. **As Special Business:**

(Ordinary Resolution 12)

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

Authority To Directors To Allot And Issue Shares

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue.”

8. **Proposed New and Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

(Ordinary Resolution 13)

“THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company's subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.3 of the Circular to Shareholders dated 4th June, 2008 for the purposes of Paragraph 10.09, Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad, subject to the following:-

- (i) the transactions are necessary for the day to day operations of the Company's subsidiaries in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:-
 - a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“CA”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
 - c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

- (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:-

- a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
- b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

NOTICE OF ANNUAL GENERAL MEETING

whichever is the lower;

and amongst other, based on the following information:-

- a) the type of the Recurrent Related Party Transactions made; and
- b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with WZB Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

10. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
4 June 2008

NOTES ON APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy to attend and vote in his place. A proxy may but need not be a member of the Company, an advocate, an approved Company auditor or a person approved by the Registrar of Companies.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account which is credited with ordinary shares of the Company.
4. The Form of Proxy or other instruments of appointment must be deposited at the Registered Office of the Company at 20C, Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 12: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 12, if passed, would enable the Directors to issue shares up to an amount not exceeding 10% of the issued share capital of the Company as at the date of its Annual General Meeting for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

Ordinary Resolution 13: Proposed New and Existing Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The Proposed Ordinary Resolution 13, if passed, will provide new mandate for the Company and / or its subsidiaries to enter into recurrent related party transaction of a revenue or trading nature, particulars of which are set out in Section 2.3 of the Circular to Shareholders of the Company date 4th June, 2008 dispatched together with the Annual Report. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a First and Final Dividend of 3.5 sen per share less 26% income tax for the financial year ended 31 December 2007, if approved by shareholders at the forthcoming Annual General Meeting, will be payable on 15 August 2008 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 31 July 2008.

A Depositor shall qualify for entitlement only in respect of :-

- (a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 31 July 2008 in respect of transfer; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Fifth Annual General Meeting of the Company are:-

i). Mr. Chung Shan Kwang	Article 91	(Ordinary Resolution 5)
ii). Mr. Goh Kheng Jiu	Article 91	(Ordinary Resolution 6)
iii). Mr. Ch'ng Eng Hing	Article 91	(Ordinary Resolution 7)
iv). Mr. Tan Kar Thye	Article 91	(Ordinary Resolution 8)
v). Ms. Low Yu Keat	Article 91	(Ordinary Resolution 9)
vi). Mr. Yap Kein Pin	Article 91	(Ordinary Resolution 10)

The profile of the Directors standing for re-election for Ordinary Resolutions 5 to 10 are set out on pages 4 to 8 of the Annual Report 2007. The shareholdings of the abovenamed Directors in the Company are disclosed on page 67 to 68 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement.

The Fifth Annual General Meeting of the Company will be held at Sri Damansara Club Berhad of Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on 26 June 2008, Thursday, at 11.00 a.m.

ANNEXURE A

NOTICE OF NOMINATION OF AUDITORS

GOH KHENG JIU
Lot 83A, Jalan Semarak Api,
Sierramas Resort Home,
47000 Sunagi Buloh,
Selangor Darul Ehsan.

Date : 23 May 2008

The Board of Directors
WANG-ZHENG BERHAD
No. 1, Jalan Utarid U5/19,
Section U5, 40150 Shah Alam,
Selangor Darul Ehsan.


Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172 (11) of the Companies Act, 1965, being a shareholder of Wang-Zheng Berhad ("the Company"), hereby give notice of our intention to nominate Messrs. UHY Diong for appointment as auditors of the Company in place of the retiring auditors, Messrs. Anuarul Azizan Chew & Co. and propose that the following ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company:

"That Messrs.UHY Diong be and are hereby appointed Auditors of the Company in place of the retiring auditors Messrs. Anuarul Azizan Chew & Co. and hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration."

Yours faithfully,


GOH KHENG JIU
Shareholder

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FORM OF PROXY

I / We (Full Name in Block Letters).....
 NRIC No. / Passport No. / Company No.....
 of.....
 being a member / members of WANG-ZHENG BERHAD, hereby appoint.....
 NRIC No. / Passport No.
 of.....
 and/or.....
 of.....
 NRIC No. / Passport No.
 as my / our proxy to vote and act on my / our behalf at the Fifth Annual General Meeting of Wang-Zheng Berhad ("WZB" or "the Company")
 to be held at **Sri Damansara Club Berhad of Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur** on **Thursday, 26 June 2008 at 11.00 a.m.** and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
	Ordinary Resolutions		
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2007 and Reports of the Directors' and Auditors thereon.		
2.	To approve the payment of a First and Final Dividend of 3.5 sen per share less 26% income tax for the financial year ended 31 December 2007.		
3.	To approve the payment of Directors' fees of RM150,000.00 to the non-executive directors of the Company.		
4.	To approve the payment of bonus amounting to RM850,000.00 to the executive directors of WZB Group.		
5.	To re-elect Mr. Chung Shan Kwang as Director.		
6.	To re-elect Mr. Goh Kheng Jiu as Director.		
7.	To re-elect Mr. Ch'ng Eng Hing as Director.		
8.	To re-elect Mr. Tan Kar Thye as Director.		
9.	To re-elect Ms. Low Yu Keat as Director.		
10.	To re-elect Mr. Yap Kien Pin as Director.		
11.	To appoint Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
12.	As Special Business :- To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed thisday of , 2008.

Signature :
 (If shareholder is a corporation, this form should be executed under seal)

NUMBER OF SHARES HELD	
------------------------------	--

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy

No. of Shares:

Percentage :%

Second Proxy

No. of Shares:

Percentage :%

NOTES:

1. A member entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy to attend and vote in his place. A proxy may but need not be a member of the Company, an advocate, an approved Company auditor or a person approved by Registrar of Companies.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account which is credited with ordinary shares of the Company.
4. The Form of Proxy or other instruments of appointment must be deposited at the Registered Office of the Company at 20C, Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Please affix
postage stamp
here

The Company Secretary
WANG-ZHENG BERHAD
20C, Jalan 1/64,
Off Jalan Kolam Air/Jalan Ipoh,
51200 Kuala Lumpur.

FOLD HERE