

**A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134**

**A1. Basis of Preparation**

This interim financial report has been prepared under the historical cost convention.

The report is unaudited and has been prepared in accordance with the requirements of the Financial Reporting Standards 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The report should be read in conjunction with the latest audited financial statements of the Group. The explanatory notes attached to the interim financial report provides an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

**A2. Changes in Accounting Policies**

The accounting policies, method of computation and basis of consolidation applied in the unaudited condensed interim financial statements are consistent with those adopted in the latest audited financial statements except for the mandatory adoption of the following new and revised FRSs and Issues Committee Interpretations (“IC Int.”) effective for the financial period beginning on 1 January 2010 as follows:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation

**A2. Changes in Accounting Policies (Contd.)**

Amendments to FRS 139, FRS 7 and IC Int. 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures, and Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 – Group and Treasury Share Transactions
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.

The adoption of the above standards and interpretations did not have any significant effect on the interim financial performance of the Group except for those discussed below:

**a) FRS 7: Financial Instruments**

The adoption of FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence no further disclosures have been made in these interim financial statements.

**b) FRS 8: Operating Segments**

FRS 8, which replaces FRS 114: Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. As this is a disclosure standard, there is no impact on the financial position or results of the Group for the period.

**A2. Changes in Accounting Policies (Contd.)**

**c) FRS 101: Presentation of Financial Statements (Revised)**

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income. The standard also introduces the statement of comprehensive income, which presents income and expense recognized in the period. This statement may be presented in one single statement, or two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group.

**d) FRS 139: Financial Instruments – Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the adoption of the standard, as at transitional date on 1 January 2010.

**Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

**Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities include trade and other payables, loans and borrowings and are carried at amortised cost.

**A2. Changes in Accounting Policies (Contd.)**

**Impact on opening balance**

In accordance with the transitional provisions of FRS 139, the applicable changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

<b>RM'000</b>	<b>As previously reported (audited)</b>	<b>Effects of adopting FRS 139*</b>	<b>As restated</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term payables	6,875	(6,875)	-
<b>Equity</b>			
Accumulated losses	(127,570)	6,875	(120,695)

\*Prior to the adoption of FRS 139, long-term payables were recognized at contract dates based on the nominal values. With the adoption of FRS 139, financial liabilities are measured at their fair value, which is the difference between the nominal value, and the net present value of the long-term payables.

**A3. Audit Report of Preceding Annual Financial Statements**

The audit report of the preceding Group's annual financial statements was not subject to any qualification.

**A4. Seasonal or Cyclical Factors**

The Group's operations are not subject to seasonal or cyclical factors for the current quarter under review except for the leisure and food division.

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**A5. Unusual Items**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current quarter under review.

**A6. Changes in Estimates**

There were no material changes in estimates for the current quarter under review.

**A7. Debts and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter under review.

**A8. Segment Reporting**

Segment information in respect of the Group's business is as follows :-

	Investment RM'000	Property development RM'000	Construction RM'000	Leisure and food RM'000	Elimination RM'000	Consolidation RM'000
9 months period ended 30 September 2010						
<i>Business segments</i>						
External revenue	1,372	208,259	-	16,647	-	226,278
Inter-segment revenue	698	-	-	-	(698)	-
Total revenue	<u>2,070</u>	<u>208,259</u>	<u>-</u>	<u>16,647</u>	<u>(698)</u>	<u>226,278</u>
Segment results	999	17,949	(1,198)	328	(2,351)	15,727
Unallocated expenses						(10)
Finance costs						(825)
Profit before taxation						<u>14,892</u>
Taxation						(4,954)
Profit for the period						<u>9,938</u>

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**A8. Segment Reporting (Contd.)**

	Investment RM'000	Property development RM'000	Construction RM'000	Leisure and food RM'000	Elimination RM'000	Consolidation RM'000
<i>Business segments</i>						
9 months period ended 30 September 2009						
External revenue	1,216	243,126	-	13,405	-	257,747
Inter-segment revenue	698	-	-	-	(698)	-
Total revenue	<u>1,914</u>	<u>243,126</u>	<u>-</u>	<u>13,405</u>	<u>(698)</u>	<u>257,747</u>
Segment results	(507)	28,097	(621)	651	(2,562)	25,058
Unallocated expenses						(12)
Finance costs						<u>(1,053)</u>
Profit before taxation						23,993
Taxation						<u>(5,281)</u>
Profit for the period						<u>18,712</u>

**A9. Dividends Paid**

The Directors do not recommend any payment of dividend for the current financial period.

**A10. Valuation of Property, Plant & Equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the previous financial statements.

**A11. Material Events Subsequent to the End of the period**

There were no material events subsequent to the end of current quarter and the date of this report.

**A12. Changes in Composition of the Group**

There have been no changes to the composition of the Group during the quarter under review.

**A13. Changes in Contingent Liabilities**

The changes in contingent liabilities since 31 December 2009 are as follows :-

Nature	RM'000
As at 1 January 2010	414,602
Reduced guarantees granted in favour of financial institutions for financing facilities extended to purchasers of houses under a subsidiary company's housing project in The People's Republic of China	<u>(369,795)</u>
As at 30 September 2010	<u><u>44,807</u></u>

**A14. Land Use Extension**

The Group's land use rights for the development of Royal Garden Phase 3 and 4 expired in October 2008. Deadline has been imposed by the Shanghai Municipal Housing Land and Resources Administration Bureau to have development of the entire piece of land completed by 31 December 2008, failing which, there was a risk of the authorities taking back the vacant land that has yet to be developed without compensation.

On 11 February 2010, the subsidiary's Board of Directors authorized the appointment of consultants to pursue the above expired land matters with the local authorities by obtaining further extension of development right. As of the date of this report, formal extensions are still pending.

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

The Group recorded a revenue of RM45.4 million for the current quarter ended 30 September 2010 against RM180.1 million in the previous corresponding quarter ended 30 September 2009. The Group recorded a profit before taxation of RM2.3 million for the current quarter against a profit before taxation of RM17.5 million for the previous corresponding quarter. The variation in results is mainly due to lower sales in the current quarter.

On a segmental basis, property development segment contributed 92.0% or RM208.3 million to the Group's revenue for the financial period ended 30 September 2010. The contribution to the revenue was derived mainly from the development of Phase 2 of Royal Garden development in Shanghai, The People's Republic of China.

The investment holding segment contributed RM1.4 million to the Group's revenue for the financial period ended 30 September 2010. The revenue mainly consists of the rental income from the investment properties in Sabah, Malaysia.

The leisure and food division contributed 7.4% or RM16.6 million for the financial period ended 30 September 2010 consisting of revenue derived from the theme park and restaurants located in Shanghai, The People's Republic of China.

The construction segment did not contribute any revenue for the current quarter due to the completion of the internal projects undertaken in Kajang Prima since the previous financial year.

**B2. Variation of Results Against The Preceding Quarter**

The Group's revenue for the current quarter under review was RM45.4 million as compared to RM90.4 million in the preceding quarter ended 30 June 2010. The Group recorded a profit before taxation of RM2.3 million in the current quarter under review as compared to a profit before taxation of RM6.4 million in the preceding quarter. The variation in profit before taxation in the current quarter as compared with the preceding quarter is mainly due to lower sales.



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**B3. Prospects**

The Group will continue in its effort on the current development and is of the view that the performance of the fourth quarter of the current financial year is expected to be challenging.

**B4. Profit Forecast and Profit Guarantee**

This is not applicable to the Group.

**B5. Taxation**

	<b>Current Year Quarter 30.09.2010 RM'000</b>	<b>Cumulative Current Year To date 30.09.2010 RM'000</b>
Current income tax expense	934	5,491
Deferred tax expense	141	(537)
	<u>1,075</u>	<u>4,954</u>

**B6. Profit/(Loss) on Sale of Unquoted Investments and Properties**

There is no sale of investment for the current quarter under review.

**B7. Quoted Securities**

- a. There were no purchase or sale of investments in quoted securities for the current quarter under review.
- b. Investments in quoted securities as at 30 Sept 2010:-

	RM'000
i. At cost	27,937
ii. At carrying value/book value	-
iii. At market value	_*

**B7. Quoted Securities (Contd.)**

\* The quoted security was delisted from the Second Board of Bursa Malaysia in the prior year, therefore market value of quoted securities is determined as nil on 30 September 2010.

**B8. Status of Corporate Proposals**

There were no corporate proposals as at the date of this report.

**B9. Group Borrowings and Debt Securities**

The analysis as at 30 September 2010 are as follows :-

Short Term	RM'000
Secured	8,812
Unsecured	81
	8,893
Long Term	
Secured	4,285
Unsecured	14
	4,299
Total	13,192
Denominated in Currency	
In RMB ('000)	-
In RM ('000)	13,192

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report.

**B11. Changes in Material Litigation**

There were no material changes in the status of litigations save those disclosed in the latest audited financial statements and those disclosed in the Bursa Link.

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**B12. Earnings Per Share**

**a. Basic**

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue.

	<b>Current Year Quarter 30.9.2010</b>	<b>Cumulative Current Year To date 30.9.2010</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	2,753	9,866
Number of ordinary shares ('000)	146,851	146,851
Basic earning per share (sen)	<u>1.87</u>	<u>6.72</u>

**b. Diluted**

The Company has no dilution in earnings per share during the financial period.