

5. BUSINESS OVERVIEW (Cont'd)

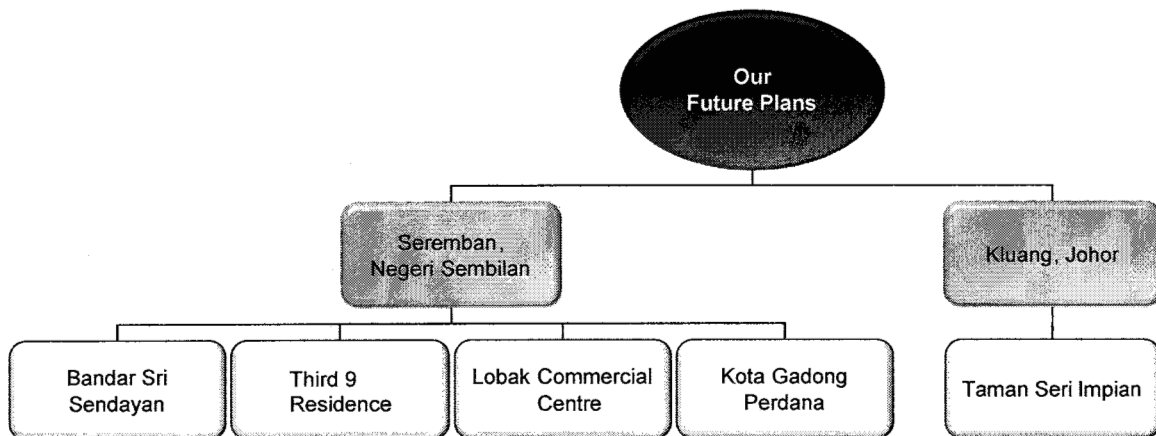


Artist Impression of Nusari Bayu 3 (Phase 2) – Double-Storey Shop Offices

5.7.2 Future plans

5.7.2.1 Overview

Our future plans are focused on property developments in Seremban, Negeri Sembilan and Kluang, Johor and these are as reflected in the diagram below:



5. BUSINESS OVERVIEW (Cont'd)

We will continue to focus on future property development projects in Seremban, Negeri Sembilan and Kluang, Johor. The summary of our Group's future projects are listed as follows:

	Future projects	Acres	Type of Development/Land	Estimated Number of Units/Lots	Estimated GDV (RM million)	Expected Commencement and Completion Dates
1	Bandar Sri Sendayan	804.5	Single-storey terrace houses	300	79.5	June 2013 – December 2018
			Double-storey terrace houses	3,254	1,461.3	
			Double-storey semi-detached houses	200	160.0	
			Double-storey bungalows	169	278.4	
			Bungalow plots	7	22.8	
			Double-storey shop offices	551	780.7	
			Three-storey shop offices	4	7.2	
			Commercial plot	21	128.9	
			Double-storey corporate showroom/factories	84	58.8	
			Double-storey semi-detached corporate showroom/factories	30	30.0	
			Industrial plots	32	182.0	
			Institute	1	50.0	
2	Third 9 Residence	41.8	Double-storey terrace houses	148	81.4	July 2013 – June 2015
			Double-storey semi-detached houses	38	32.3	
			Double-storey bungalows	31	31.0	
3	Lobak Commercial Centre	2.8	Double-storey shop offices	26	39.3	July 2013 – June 2016
			Commercial lots	2	6.1	
4	Kota Gadong Perdana	294.6	Single-storey terrace houses	1,632	326.4	January 2016 – December 2018
			Double-storey terrace houses	2,000	600.0	
5	Taman Seri Impian	293.5 ⁽¹⁾	Single-storey terrace houses	608	115.5	September 2013 – June 2019
			Double-storey terrace houses	430	129.0	
			Double-storey semi-detached houses	240	116.7	
			Double-storey bungalows	54	48.6	
			Double-storey shop offices	675	318.3	
			Three-storey shop offices	92	82.8	
Total		1,437.2⁽¹⁾		10,629	5,167.0	

Note:

(1) Include acreage of land yet to be planned for development in Taman Seri Impian.

5. BUSINESS OVERVIEW (Cont'd)

Between June 2013 and 2019, our future projects in Negeri Sembilan and Johor would have an estimated combined total GDV of RM5.2 billion based on the projects listed above.

Our future plans will be focused on the development of new townships, namely Bandar Sri Sendayan and Taman Seri Impian as well as several residential property projects. In addition to residential, commercial, industrial and leisure properties, our Group will commence the development of institutional properties in Bandar Sri Sendayan to create value to our surrounding properties. These will include educational institutions which we will retain ownership and management of operations. Moreover, our Group is currently in the midst of planning for the future development of Sendayan Icon Park in Bandar Sri Sendayan, which is expected to house commercial and leisure properties.

We intend to utilise RM55.0 million for the development of infrastructure and common facilities for our future projects.

5.7.2.2 Bandar Sri Sendayan

Bandar Sri Sendayan is one of our flagship projects which involve the development of a new integrated township on a total site area of 5,233 acres in Seremban, Negeri Sembilan. Our Group had commenced the development of Bandar Sri Sendayan since 2008. As at LPD, our Group had completed 2,653 units of terrace houses, 74 units of semi-detached houses, 71 units of shop offices, 18 lots of commercial plots and one unit of single-storey stall in Bandar Sri Sendayan. *(Please refer to Section 5.7.1(xxvii) of the Prospectus for further details on the completed and on-going projects in Bandar Sri Sendayan)*

As at LPD, the township is partially completed with basic public amenities, residential properties and retail businesses. Some of the retail businesses are already operational. In addition to our on-going residential, commercial, industrial and leisure projects, there are various other government and private projects being undertaken in Bandar Sri Sendayan including the development of public amenities, construction of government buildings and factories.

As part of our future plans to develop Bandar Sri Sendayan into an integrated township, we are continuing to develop a mixed of residential, commercial, industrial, leisure and institutional properties. These developments will be undertaken through various projects which are as follows:

	Future projects	Acres	Type of Development	Estimated Number of Units/Lots	Estimated GDV (RM million)	Expected Commencement and Completion Dates
1	Hijayu 1A	67.3	Double-storey terrace houses	666	246.4	June 2013 – May 2015
2	Hijayu 3C	38.4	Double-storey terrace houses	394	153.7	September 2013 – August 2015
3	Hijayu 3B	32.5	Double-storey terrace houses	334	140.3	January 2014 – December 2015
4	Sendayan Merchant Square 1	29.4	Double-storey shop offices	154	202.2	March 2014 – February 2016
			Commercial plots	3	10.0	

5. BUSINESS OVERVIEW (Cont'd)

	Future projects	Acres	Type of Development	Estimated Number of Units/Lots	Estimated GDV (RM million)	Expected Commencement and Completion Dates
5	Sendayan Auto City	115.2	Commercial plots	10	70.0	January 2014 – December 2016
			Industrial plots	32	182.0	
6	Hijayu 3A	52.1	Single-storey terrace houses	150	37.5	June 2014 – May 2016
			Double-storey terrace houses	439	162.4	
7	Hijayu (Resort Homes)	85.1	Double-storey semi-detached houses	200	160.0	June 2014 – May 2017
			Double-storey terrace houses	308	154.0	
8	Hijayu (Resort Villa)	49.5	Double-storey bungalows	102	157.8	September 2014 – August 2017
			Bungalow plot	1	4.0	
9	Hijayu (Residence)	56.0	Double-storey bungalows	67	120.6	September 2014 – August 2017
			Bungalow plots	6	18.8	
10	Idaman Yu 1	44.5	Double-storey terrace houses	235	112.8	September 2014 – October 2016
			Single-storey terrace houses	150	42.0	
			Double-storey shop offices	17	13.6	
			Commercial plot	1	1.5	
11	Idaman Yu 2	101.7	Double-storey terrace houses	878	491.7	January 2015 – December 2017
			Double-storey shop offices	21	21.0	
			Commercial plot	1	3.0	
12	Sendayan Metropark Shop 1B	2.5	Double-storey shop offices	28	42.0	January 2015 – December 2017
			Three-storey shop offices	4	7.2	
13	Sendayan Merchant Square 2	49.9	Double-storey shop offices	149	223.5	March 2015 – February 2017
			Commercial plots	4	40.0	
14	Sendayan Metropark Shop 2	15.0	Double-storey shop offices	150	240.0	January 2016 – December 2018

5. BUSINESS OVERVIEW (Cont'd)

	Future projects	Acres	Type of Development	Estimated Number of Units/Lots	Estimated GDV (RM million)	Expected Commencement and Completion Dates
15	Sub Centre @ Sendayan TechValley 1A	46.4	Double-storey shop offices	32	38.4	January 2016 – December 2018
			Commercial plot	1	1.7	
			Double-storey semi-detached corporate showrooms/factories	30	30.0	
			Double-storey corporate showrooms/factories	84	58.8	
16	1 Sendayan Clubhouse	19.0	Commercial plot	1	2.7	September 2013 – August 2015
			Institute	1	50	

Residential Developments in Bandar Sri Sendayan

The Hijayu developments are essentially residential developments within Bandar Seri Sendayan. Some of the Hijayu developments such as Hijayu Resort Homes, Resort Villas and Residence are catered towards the upper medium end of the market with double-storey semi-detached houses and bungalows.

Idaman Yu is a mixed development comprising both residential and commercial properties.

We intend to commence the various residential developments in Bandar Sri Sendayan by June 2013 and the expected completion of the respective residential developments is scheduled for 2017.

Commercial, Industrial, Leisure and Institutional Developments in Bandar Sri Sendayan

The Sendayan Merchant Square and Sendayan Metropark are mainly commercial developments comprising two and three-storey shop offices and some commercial land.

The Sub Centre @ Sendayan TechValley 1A development consists of corporate showrooms/factories, shop offices and commercial land. The Sendayan Clubhouse development consists of a clubhouse, commercial plot and educational institutions. This is part of our plans to develop Bandar Sri Sendayan into an integrated township with its own leisure and educational facilities to the community of Bandar Sri Sendayan. This project will be our first foray into development of leisure and institutional properties since we commenced our property development operations. We have commenced development of the clubhouse in September 2012.

5. BUSINESS OVERVIEW (Cont'd)

We also intend to set-up private educational institutions to provide primary, secondary and post-secondary education. The private educational institutions will be managed and operated by our subsidiary, 1 Sendayan Education. As at the LPD, we have obtained the approvals of the Ministry of Education for the establishment of an international school, which will provide primary, secondary and post-secondary education, a private primary school and a private secondary school. Development of our private education institutions are expected to be undertaken in two phases. Phase 1 is scheduled to begin development in the third quarter of 2013 and completed by the second quarter of 2015 to be ready for our first intake of students in 2015.

Our Group is currently in the midst of planning the development of Sendayan Icon Park. Based on our current plans, the Sendayan Icon Park development will comprise small office home office (SoHo) units, a trade and exhibition centre and two floating restaurants separated by a lake as well as a cultural village. We intend to operate and retain ownership of the trade and exhibition centre, while outlets within the exhibition centre will be leased out to various targeted businesses such as lifestyle and fashion boutiques, leather and designer goods, household goods, DIY stores, medical and pharmaceutical outlets.



Artist Impression of Sendayan Icon Park

Sendayan Auto City development consists of sales of commercial and industrial plots for the retailing of automotive and automotive service centre to undertake repair and maintenance services.

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5. BUSINESS OVERVIEW (Cont'd)



Artist Impression of Sendayan Auto City

We intend to commence various commercial, industrial, leisure and institutional developments in Bandar Sri Sendayan starting with the Sendayan Merchant Square 1 by March 2014 and complete the respective developments by 2018.

5.7.2.3 Third 9 Residence

Part of our future plans also includes the development of residential properties next to the Seremban International Golf Club, namely the Third 9 Residence. This project will be a joint-venture between Matrix and the landowner, MBI.

The development is located in Seremban, hence, residents in the Third 9 Residence can conveniently have access to the public amenities in the town centre and Seremban. Some of these may include supermarkets and hypermarkets, hospitals, schools, stadium, government administration offices, as well as train station and bus terminal.

Third 9 Residence is a medium to high-end residential property development comprising 148 units of double-storey terrace houses, 38 units of double-storey semi-detached houses and 31 units of double-storey bungalows located on a 41.8-acre plot of land. The project has an estimated GDV of RM144.7 million.

The Third 9 Residence project is scheduled to commence development by 2013 and expected to be completed by 2015.

5.7.2.4 Lobak Commercial Centre Phase 1 and 2

Lobak Commercial Centre Phase 1 and 2 are located on a plot of land measuring a total of 9.38 acres in Seremban, Negeri Sembilan. The developments are located in the Seremban town.

The Lobak Commercial Centre Phase 1 and 2 developments comprises 26 units of double-storey shop offices and 2 commercial plots with an estimated GDV of RM45.1 million and a net saleable area of 2.8 acres. The projects are scheduled to commence development in July 2013 and expected to be completed by June 2016.

5. BUSINESS OVERVIEW (Cont'd)

5.7.2.5 Kota Gadong Perdana

The Kota Gadong Perdana is a joint-venture residential property project between Riverine Projects and landowner, MAINS. The development is located on a 294.56-acre plot of land in Seremban, Negeri Sembilan, next to our current development, Bandar Sri Sendayan. The development in Bandar Sri Sendayan is expected to create job opportunities in Bandar Sri Sendayan itself, which would create demand for the surrounding residential properties, including Kota Gadong Perdana. In addition, Kota Gadong Perdana is located next to the new Seremban Interchange on the North-South Expressway, which is currently under development, and about 20 kilometres from Seremban town and the Kuala Lumpur International Airport.

Kota Gadong Perdana is a large scale residential property development consisting of 1,632 units of single-storey terrace houses and 2,000 units of double-storey terrace houses. The GDV of Kota Gadong Perdana is approximately RM926.4 million.

The project is scheduled to commence development by 2016 and expected to be completed by 2018.

5.7.2.6 Taman Seri Impian - Johor

Taman Seri Impian is our first flagship project. The project involves the development of residential and commercial properties in the new township in Kluang, Johor. Our Group has begun the development of various residential and commercial properties in Taman Seri Impian since 2006. *(Please refer to Section 5.7.1(xxvii) of the Prospectus for further details on the completed and on-going projects in Taman Seri Impian)*

As at the LPD, the new township is partially completed with various public amenities as well as residential and commercial properties. Part of our future plans is to continue the development of various gated and guarded residential and commercial properties in Taman Seri Impian.

The following is a detailed list of the development within Taman Seri Impian:

	Future projects	Acres	Type of Development/Land	Estimated Number of Units/Lots	Estimated GDV (RM million)	Expected Commencement and Completion Dates
1	Impiana Bayu 1	167.0 ⁽¹⁾	Single-storey terrace houses	304	54.7	September 2013 – August 2015
			Double-storey terrace houses	215	60.2	
	Impiana Bayu 2		Single-storey terrace houses	304	60.8	June 2014 – May 2016
			Double-storey terrace houses	215	68.8	
2	Impiana Avenue 3	2.3	Double-storey shop offices	60	19.2	January 2014 – December 2015
3	Impiana Villa 2	23.7	Double-storey bungalows	54	48.6	January 2014 – December 2016
			Double-storey semi-detached houses	74	37.0	
4	Impiana Avenue 4	2.8	Double-storey shop offices	75	26.3	January 2015 – December 2016
5	Impiana Villa 3	21.4	Double-storey semi-detached houses	166	79.7	January 2015 – December 2017

5. BUSINESS OVERVIEW (Cont'd)

	Future projects	Acres	Type of Development/Land	Estimated Number of Units/Lots	Estimated GDV (RM million)	Expected Commencement and Completion Dates
6	Impiana Avenue 5	2.4	Double-storey shop offices	51	21.4	June 2015 – May 2017
7	Impiana Avenue 6	2.7	Double-storey shop offices	73	29.2	January 2016 – December 2017
8	Impiana Avenue 7	39.6	Double-storey shop offices	416	222.2	July 2016 – June 2019
			Three-storey shop offices	92	82.8	

Note:

(1) Include acreage of land yet to be planned for development.

The respective developments within Taman Seri Impian are scheduled to commence development by September 2013 and expected to be completed by 2019.

5.7.3 Milestones

The following table indicates the timing for the implementation of our future plans:

	Year of Commencement			
	2013	2014	2015	2016
Bandar Sri Sendayan ⁽¹⁾	√ ⁽²⁾	√	√	√
Third 9 Residence	√ ⁽³⁾			
Lobak Commercial Centre Phase 1 and 2	√ ⁽³⁾	√		
Kota Gadong Perdana				√
Taman Seri Impian ⁽¹⁾	√ ⁽⁴⁾	√	√	√

Notes:

(1) Multiple launches.

(2) Estimated to commence in June 2013.

(3) Estimated to commence in July 2013.

(4) Estimated to commence in September 2013.

5.7.4 Prospects of our group

The prospects of our Group are dependent on the following factors:

- Good business performance;
- Competitive advantages and key strengths;
- Future plans to provide sustainable growth; and
- Industry prospects and outlook.

5. BUSINESS OVERVIEW (Cont'd)

5.7.4.1 Good Business Performance

Our good business performance is supported by the following financial achievements between the FYE 31 December 2011 and 2012:

- Gross profit grew by 29.9%;
- Profit before tax grew by 34.3%; and
- Profit after tax grew by 29.5%.

Between FYE 31 December 2009 and 2012, our financial performance was as follows:

- Revenue grew at an average rate of 30.7% year-on-year;
- Gross profit grew at an average rate of 60.8% year-on-year;
- Profit before tax grew at an average rate of 80.2% year-on-year; and
- Profit after tax grew at an average rate of 75.5% year-on-year.

The good financial performance over the last four years will provide us with the platform for continuing business success and growth.

5.7.4.2 Competitive Advantages and Key Strengths

Our competitive advantages and key strengths will provide a platform for continuing growth and success. These include the following:

- We have developed a new integrated township;
- Our new township in Bandar Sri Sendayan is strategically located;
- We have on-going and future projects up till 2019;
- We achieved high take-up rates for properties developed by us;
- We have established track record;
- We have a diversified product portfolio;
- We have experience in joint-venture projects with the State Governments;
- Growth in launch prices of properties developed by us;
- We have high impact Government and industrial developments; and
- We have qualified and experienced management team.

(Please refer to Section 5.2 of the Prospectus for further details)

5.7.4.3 Future Plans to Provide Sustainable Growth

Moving forward, we have in place a sound business and expansion plan. Our future plans are mainly focused on projects in Seremban, Negeri Sembilan and Kluang, Johor as follows:

- Bandar Sri Sendayan;
- Third 9 Residence;
- Lobak Commercial Centre Phase 1 and 2;
- Kota Gadong Perdana; and
- Taman Seri Impian.

Our future plans would provide us with the platform to grow our business.

5.7.4.4 Industry Prospects and Outlook

As our Group is focused on property development, our business prospects are also dependent on the general prospects and outlook of the Property Development Industry in Malaysia.

5. BUSINESS OVERVIEW (Cont'd)

Based on the industry prospects and outlook in Malaysia (as disclosed in Section 6 of the Prospectus), the outlook of the property development industry in Malaysia is generally dependent on the performance of the following:

- Malaysian economy and the construction sector;
- Performance of the property sector;
- Malaysian Government's initiatives;
- Policies for housing loans;
- Population growth; and
- Synergistic growth led by surrounding developments.

Malaysian Economy and the Construction Sector

Real GDP of the Malaysia economy and construction sector have both registered growth based on five-year performance between 2008 and 2012. Looking forward, continuing growth is also expected for the Malaysia economy and construction sector in 2013.

Positive growth in the overall economy and the construction sector would augur well for property developers, including our Group.

Performance of the Property Sector

Sales value and volume of property transactions in Malaysia, Negeri Sembilan and Johor recorded positive growth between 2008 and 2012.

Planned and incoming supply for Negeri Sembilan and Johor are as follows:

Negeri Sembilan - Growth Rate in 2012

	2012	
	Planned Supply (%)	Incoming Supply (%)
Residential Units	(1.1)	5.6
Shop Units	4.6	22.2
Industrial Units	(0.3)	0.8
Space in Shopping Complexes	(28.3)	55.2
Space in Purpose-Built Offices	(6.8)	135.9

Johor - Growth Rate in 2012

	2012	
	Planned Supply (%)	Incoming Supply (%)
Residential Units	2.3	11.9
Shop Units	(5.0)	19.2
Industrial Units	2.8	25.2
Space in Shopping Complexes	-	(51.8)
Space in Purpose-Built Offices	-	(0.8)

5. BUSINESS OVERVIEW (Cont'd)

Malaysian Government's Initiatives

The on-going development of the five regional economic corridors, the launch of My First Home Scheme, Government subsidised houses, the Second Rolling Plan, the Educuity@KLEC project, the construction of Johor Bahru-Nusa Jaya coastal highway, the implementation of Flood Mitigation Plan (RTB) in Sungai Segamat and development of electrified double-track railway project from Johor Bahru to Padang Besar in Perlis undertaken by the Malaysian Government would benefit operators in the Property Development Industry, including our Group.

Population Growth

Population in Malaysia, Negeri Sembilan and Johor have all registered growth between 2010 and 2012. The growing population in Malaysia, Negeri Sembilan and Johor will provide opportunities to the Property Development Industry, including our Group.

Policies for Housing Loans

The latest housing loan policies and tighter borrowing guidelines implemented by Bank Negara Malaysia may have an impact on the Property Development Industry, including our Group.

For the FYE 31 December 2012, our business performance has not been affected by the latest housing loan policy implemented in November 2010. This is supported by the fact that our revenue contribution from residential properties registered a growth of 28.8% for the FYE 31 December 2012.

In addition, our Group offers various types of residential properties including single-storey and double-storey houses as well as semi-detached houses and bungalows to suit the needs of various income group and individual preferences.

Synergistic Growth led by Surrounding Developments

Our Group may also benefit from synergistic growth led by the large-scale projects in the surrounding areas of Bandar Sri Sendayan including integrated township developments such as Bandar Enstek, mixed developments such as Seremban 2, commercial development such as Oakland Commercial Centre and residential developments such as Bandar Ainsdale and S2 Heights as well as industrial areas such as Oakland Industrial Park, Tuanku Jaafar Industrial Park, Senawang Industrial Park and Nilai Industrial Estate.

All these existing, on-going and new developments and townships will provide flow-on benefits whilst at the same time create critical mass to spur economic activities to encourage business and industrial investments.

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5. BUSINESS OVERVIEW (Cont'd)

5.8 TYPES, SOURCES AND AVAILABILITY OF RESOURCES

The following are the building materials and services that we purchase from external parties for FYE 31 December 2012:

	Value of purchases of building materials and services (RM'000)	Percentage of total group purchases of building materials and services (%)	Sources of supply	
			Local (%)	Import* (%)
Building Materials	84,679^A	42.7	99.9	0.1
Concrete	16,805	8.5	100.0	
Concrete materials ⁽¹⁾	11,629	5.9	100.0	
Steel bars and metal	8,621	4.3	100.0	-
BRC wire mesh	7,650	3.9	100.0	-
Clay materials ⁽²⁾	7,537	3.8	100.0	-
Crusher run, aggregates and quarry dust	6,377	3.2	100.0	-
Premix	5,242	2.6	100.0	-
Cement	4,783	2.4	100.0	-
Wood materials ⁽³⁾	4,003	2.0	100.0	-
Hardware ⁽⁴⁾	3,707	1.9	97.9	2.1
Coarse, fine and washed sand	3,139	1.6	100.0	-
Roof tiles and metal deck roofing	2,288	1.2	100.0	-
Cow and green grass	1,681	0.8	100.0	-
Pre-cast drain and pipe culvert	747	0.4	100.0	-
Others ⁽⁵⁾	471	0.2	100.0	-
Services	113,780	57.3^A	100.0	-
Building and construction works ⁽⁶⁾	54,617	27.5	100.0	-
Earthworks	27,834	14.0	100.0	-
Mechanical and electrical works ⁽⁷⁾	11,517	5.8	100.0	-
Interior works ⁽⁸⁾	8,788	4.4	100.0	-
Transportation and rental charges ⁽⁹⁾	5,222	2.6	100.0	-
Civil engineering works ⁽¹⁰⁾	5,046	2.5	100.0	-
Others ⁽¹¹⁾	756	0.4	100.0	-
Total	198,460	100.0	100.0	#

5. BUSINESS OVERVIEW (Cont'd)

Notes:

[^] Total does not add-up due to rounding

* Includes stockists

Insignificant proportion of less than 0.1%

- (1) Includes box culvert, drain, concrete cornice, cement sand bricks, reinforced concrete piles, Bakau piles and reinforced concrete pipes.
- (2) Includes ceramic tiles and vitrified clay pipes.
- (3) Includes composite doors, plywood and timber
- (4) Includes, among others, metal door frames, alpha locks and locksets, fencing and swing gates, man-hole covers and alloy steps, Polyvinyl Chloride (PVC) groove joints, fitting posts and scaffolding.
- (5) Includes colpave oil, ceiling, hydroseeding works, geotextiles, non-metallic floor hardener, paints, putty and Polyethylene sheets.
- (6) Includes roofing, bricklaying, plastering, aluminium and stainless steel glazing, sanitary, plumbing, fencing, ironmongery, tiling, ceiling, bar bending, paving, flashing and guttering, pipe jacking, remedial, external, piling, concreting and structural works
- (7) Includes installation of electrical products and fittings, telephone infrastructure, traffic lights, sewerage treatment plant and pumping systems.
- (8) Includes carpentry, painting and skim coat and laminate flooring laying
- (9) Includes transportation of materials and rental of machinery and excavators.
- (10) Includes construction works of desilting for retention pond, rock blasting, drainage and sewerage and road marking.
- (11) Includes installation of playground equipment, landscaping and other ancillary works

Purchases in the above refer to building materials and services purchased by our Group during the FYE 31 December 2012 regardless of the stage of completion of our projects and number of property and land sold during the year.

Total purchases of building materials and sub-contracted services for the FYE 31 December 2012 amounted to RM198.5 million after exclusion of inter-company transactions.

The principal business activities of our Group are in sales of land and property development. We outsource the building and construction activities to external sub-contractors to enable us to focus on our property development activities. However, we have our own internal procurement arm to source most of the building and construction materials for the building and construction of our own property developments. Through direct sourcing of building materials for all our projects, we are able to obtain volume discounts through bulk purchase and stronger bargaining power to obtain better commercial terms from suppliers.

For the FYE 31 December 2012, almost 100.0% of our purchases were sourced locally while an insignificant proportion of less than 0.1% of our purchases was sourced from local stockists. For the FYE 31 December 2012, purchases of materials accounted for 42.7% while services accounted for 57.3% of our total Group purchases of building materials and services.

Purchases of Building Materials

Of our purchases of building materials for FYE 31 December 2012, concrete represented our largest purchases, which accounted for 8.5% of our total Group purchases of building materials and services. This was followed by purchases of concrete materials and steel bars and metal, which accounted for 5.9% and 4.3% of our total Group purchases of building materials and services for FYE 31 December 2012 respectively.

For FYE 31 December 2012, purchases of BRC wire mesh, clay materials and the combined total of crusher run, aggregates and quarry dust accounted for 3.9%, 3.8% and 3.2% of our total purchases of building materials and services respectively.

5. BUSINESS OVERVIEW (Cont'd)

For FYE 31 December 2012, purchases of premix, cement and wood materials accounted for 2.6%, 2.4% and 2.0% of our total purchases of building materials and services respectively.

For the FYE 31 December 2012, hardware, sand, roof tiles and metal deck roofing, grass and the combined total of pre-cast drain and pipe culvert accounted for 1.9%, 1.6%, 1.2%, 0.8% and 0.4% of our total purchases of building materials and services respectively.

Purchases of other materials including colpave oil, ceiling, hydroseeding works, geotextiles, non-metallic floor hardener, paints, putty and polyethylene sheets accounted for 0.2% of our total Group purchases of building materials and services for FYE 31 December 2012.

Purchases of Services

For FYE 31 December 2012, building and construction works represented 27.5% of our total Group purchases of building materials and services. This was followed by purchases of sub-contracted earthworks, which accounted for 14.0% of our total Group purchases of building materials and services for FYE 31 December 2012.

Purchases of sub-contracted mechanical and electrical works, interior works as well as civil engineering works accounted for 5.8%, 4.4% and 2.5% of our total purchases of building materials and services respectively.

Transportation and rental charges and purchases of other services accounted for 2.6% and 0.4% of our total Group purchases of building materials and services for FYE 31 December 2012. Other services include installation of playground equipment, landscaping and other ancillary works.

As at the LPD, our Group has not experienced any shortages in the supply of building materials and services mentioned above.

Any increase in the price of raw materials may affect our Group's profitability. In order to minimise such adverse effects, our Group carefully monitors the project costing and budget on a timely basis before any launch of our development projects. Prior to the purchase, our internal procurement team will obtain quotations from various suppliers for comparison and evaluate in terms of pricing, specifications, quality and delivery turnaround time. We will also monitor via internal procedures including site material checklist and monthly reporting to our management. This process of monitoring the project costing and budget of the Group is in line with the ISO requirements.

5.9 MAJOR CUSTOMERS

The table below lists our customer which represented 10% or more of our total Group revenue for the FYE 31 December 2010 to 2012:

Name of customer	Length of relationship Years	Products / Services purchased	----- FYE 31 December ----->					
			2010		2011		2012	
			RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾
1 Malaysia Development Berhad	< 1	750 acres of undeveloped land	-	-	294,030	47.1	-	-

Note:

(1) Based on the total revenue of the Group for the respective year, excluding inter-company transactions.

Our customers include corporate and individual owner-occupiers and investors as well as others such as government entities.

5. BUSINESS OVERVIEW (Cont'd)

Save for 1MDB, our Group does not have any major customers which contribute 10% or more to our total Group revenue for the FYE 31 December 2010 to 2012. The sale of undeveloped land to 1MDB was a one-off transaction for the purpose of setting-up a new academia and training centre for the Royal Malaysian Air Force and the relocation of the Sungai Besi base to Bandar Sri Sendayan in Negeri Sembilan.

5.10 MAJOR SUPPLIERS / CONTRACTORS

Our Group's major supplier/contractor (i.e. those who contributed 10% or more of our Group's total purchases) for the FYE 31 December 2010 to 2012 were as follows:

Name of supplier	Length of relationship Years	Products / Services provided	----- FYE 31 December ----->					
			2010		2011		2012	
			RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾
KSJ Construction Sdn Bhd	13	Earth works	13,864	12.5	25,603	16.0	27,834	14.0

Note:

(1) Based on the total purchases of building materials and services of our Group for the respective year, excluding inter-company transactions.

KSJ Construction Sdn Bhd accounted for more than 10% each of our Group's total purchases for the FYE 31 December 2010 to 2012. However, the following factors help us to mitigate against dependency on KSJ Construction Sdn Bhd:

- KSJ Construction Sdn Bhd has been our supplier for earthwork services since 2000. Our long term relationship with KSJ Construction Sdn Bhd indicates a stable and continuing business relationship with this top supplier.
- In addition, supply of earthwork services can be sourced from other suppliers, if the need arises.

Our Group is not dependent on any single supplier or contractor as our Group can source for alternative suppliers and contractors, if required. We have implemented internal control procedures for the selection of our suppliers and contractors to ensure they meet certain criteria in terms of pricing, track record, financial strength, quality, efficiency, reliability and capacity.

5.11 CAPITAL EXPENDITURE AND DIVESTITURES

5.11.1 Material capital expenditure and divestitures

There are no material capital expenditures and divestitures (including interests in other corporations) undertaken by our Group for the FYE 31 December 2009 to 2012 and up to the LPD.

5. BUSINESS OVERVIEW (Cont'd)

5.11.2 Material plans to construct, expand or improve facilities

As at the LPD, our Group has commenced the development of Sendayan clubhouse in line with our plans to develop Bandar Sri Sendayan into an integrated township with its own leisure facilities for the community. This project will be our first foray into development of leisure properties since we commenced our property development operations. The development of the clubhouse include various sports and recreational facilities, retail and dining outlets, fitness centre as well as a therapeutic treatment facility. Some of the sports and recreational facilities include, amongst others, Olympic size swimming pool, bowling alley, futsal court, badminton and indoor tennis courts, table tennis centre and games room. It will also offer different types of dining outlets including an indoor cafeteria, outdoor dining outlets as well as restaurants and a banquet hall. We intend to manage the clubhouse which will be operated by our subsidiary, 1 Sendayan Club. We commenced development of our clubhouse in September 2012 and expect to complete the development by March 2014 with a total GDV of RM50.0 million. The estimated total expenditure for the development of the clubhouse is approximately RM40.0 million. As disclosed in Section 3.7.1 of this Prospectus, we intend to utilise RM10.0 million from the IPO proceeds for the development of our clubhouse in Bandar Sri Sendayan, while the remaining estimated amount of RM30.0 million will be funded via internally generated funds and/or borrowings. As at the LPD, we have incurred development costs of approximately RM5.0 million for the clubhouse.

Save as mentioned above, we have no immediate plans to construct, expand or improve on existing facilities.

5.12 QUALITY ASSURANCE PROCEDURE AND MANAGEMENT

We place strong emphasis on quality control as well as adhere to stringent quality standards for our property development operations. This is reflected by the fact that Matrix Concepts, MCHB Management and Juwasan Maju are ISO 9001:2008 certified companies for project management, provision of construction and administrative management services in property development.

Our ISO 9001:2008 quality management system accreditations indicate that our Group adopts quality management practices that comply with ISO 9001:2008 standards. This provides customers with the assurance of the quality of our Group's developments.

We have a team of dedicated and experienced contract, project and land coordinator managers, project and site engineers, site and maintenance supervisors as well as various supporting staff to closely monitor and manage the construction process to ensure that our quality standards are adhered to and maintained.

In addition, we also have a panel of professionals and suppliers namely architects, engineering consultants, interior designers, building contractors and building material suppliers, most of whom have been dealing with us for more than five years.

Our Group also requests feedback from our customers via surveys and questionnaires as part of our measurement against the performance of our quality management system. By analysing the customers' feedback, we are able to take the necessary measures to improve our products and services, in line with our continuous strive to provide excellent customer service and meet customers' need.

5. BUSINESS OVERVIEW (Cont'd)

5.13 MODES OF MARKETING

5.13.1 Marketing strategies

We adopt the following marketing strategies:

- (i) Position ourselves as an established property developer, with the capability to develop quality residential and commercial properties to meet market requirements;
- (ii) Continually provide quality developments to establish our reputation as a preferred property developer;
- (iii) Continually provide the appropriate mix of property development that appeal to the market;
- (iv) Keeping abreast of new and innovative concepts to stay ahead of the competition as well as better meet the needs and requirements of customers and changing market trends;
- (v) To continually develop integrated townships with residential, commercial, industrial, leisure and institutional properties.

To implement our marketing strategy, we have our own sales and marketing team of 31 personnel as at LPD, focusing on marketing and promotions. In addition our Group also utilises the following marketing and promotional methods to create awareness with the aim of increasing sales:

- (i) Participate in various property fairs and exhibitions including the following:

NAMES OF EVENTS	LOCATION	NATURE OF PARTICIPATION	DATE
Malaysia Property Expo (MAPEX) 2005	Seremban	Exhibitor	22 April 2005 until 24 April 2005
			23 September 2005 until 25 September 2005
MAPEX 2006	Kuala Lumpur	Exhibitor	22 September 2005 until 25 September 2005
			28 April 2006 until 30 April 2006
MAPEX 2007	Seremban	Exhibitor	8 September 2006 until 10 September 2006
			20 April 2007 until 22 April 2007
MAPEX 2008	Seremban	Exhibitor	26 October 2007 until 28 October 2007
			2 May 2008 until 4 May 2008
			21 November 2008 until 23 November 2008

5. BUSINESS OVERVIEW (Cont'd)

NAMES OF EVENTS	LOCATION	NATURE OF PARTICIPATION	DATE
MAPEX 2009	Seremban	Exhibitor	22 May 2009 until 24 May 2009 30 October 2009 until 1 November 2009
Invest in Malaysia Property Exhibition	London, United Kingdom	Exhibitor	20 October 2009 until 29 October 2009
MAPEX 2009	Kuala Lumpur	Exhibitor	20 November 2009 until 22 November 2009
Malaysia Property Exhibition	Chennai, India	Exhibitor	22 January 2010 until 25 January 2010
MAPEX 2010	Seremban	Exhibitor	23 May 2010 until 25 May 2010 19 November 2010 until 21 November 2010
Reed Exhibition	Abu Dhabi, United Arab Emirates	Exhibitor	15 January 2011 until 21 January 2011
MAPEX 2011	Kuala Lumpur	Exhibitor	19 March 2011 until 21 March 2011
	Seremban	Exhibitor	20 May 2011 until 22 May 2011
	Kuala Lumpur	Exhibitor	21 October 2011 until 23 October 2011
	Seremban	Exhibitor	18 November 2011 until 20 November 2011
MAPEX 2012	Kuala Lumpur	Exhibitor	2 March 2012 until 4 March 2012 26 April until 28 April 2012
	Seremban	Exhibitor	19 April until 21 April 2012 18 May 2012 until 20 May 2012 12 October 2012 until 14 October 2012

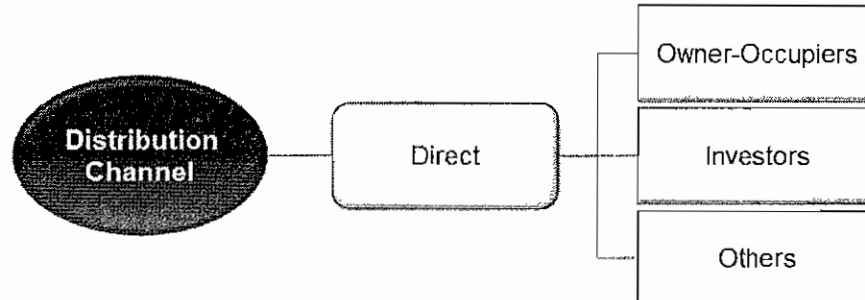
- (ii) Advertise our newly launched properties in local newspapers, internet, media advertising, billboards, buntings and sponsorship.

5. BUSINESS OVERVIEW (Cont'd)

5.13.2 Distribution channel

Distribution channel

Our distribution channel strategy is based on direct channels:



Direct Distribution Channel

We adopt a direct distribution channel strategy through our own sales and marketing team to sell our properties and land to our customers. In addition to selling through our own sales and marketing team, we also use agents, appointed and on ad-hoc basis, for the sale of our industrial plots.

We market directly to customers including corporate and individual owner-occupiers and investors as well as others such as government entities. For FYE 31 December 2011, we also sold a piece of undeveloped land to 1MDB, a government-owned corporation. 1MDB is also the project developer for the new academia and training centre for the Royal Malaysian Air Force.

As at LPD, our appointed agents are listed as follows:

Name of Agent	Location
CB Richard Ellis (M) Sdn Bhd	Kuala Lumpur
Colliers Jordan Lee & Jaafar Sdn Bhd	Negeri Sembilan
Focus Real Estate	Kuala Lumpur

5.14 SEASONALITY

Generally, our business is not subject to any material seasonality factors.

5.15 RESEARCH AND DEVELOPMENT

As our principal activities are focused on sales of land and property development, we do not undertake any material research and development. As a result, we do not carry out any specific R&D activities and R&D policy is not relevant to our operations.


5.16 TECHNOLOGY USED

As our business is focused on sales of land and property development, technologies are not directly relevant to our business.

5. BUSINESS OVERVIEW (Cont'd)

5.17 INTELLECTUAL PROPERTIES

As at the LPD, our Group does not have any other licences, patents, trademarks, brand names, technical assistance agreements, franchises and other intellectual property rights, save as disclosed below:

Trade mark	Issuing authority	Trade mark application no.	Date of issuance	Class	Validity	Description
	Intellectual Property Corporation of Malaysia	09008619	17 October 2012	Class 37	27 May 2009 to 27 May 2019	Property Development and Building Construction; all included in Class 37

MATRIX CONCEPTS GROUP

5.18 INTERRUPTIONS IN BUSINESS DURING THE PAST 12 MONTHS

Our Group has not experienced any disruption in business which had a significant effect on our operations during the 12 months prior to the date of this Prospectus.

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5. BUSINESS OVERVIEW (Cont'd)**5.19 APPROVALS, MAJOR LICENCES AND PERMITS**

The approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those pertaining to general business registration as at the LPD are as follows:

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
Juwasan Maju	All contracts undertaken	Registration as contractor with the Construction Industry Development Board under Grade G7 for categories of B (Building Construction) and CE (General Engineering Construction)	Construction Industry Development Board	0120010220-NS062369	12.04.2012 – 11.04.2015	Nil	Not applicable
Juwasan Maju	All contracts undertaken	Registration with Contractor Services Centre as contractor under categories Class A, I(1,2,3a,5,7a,7b,7c,7d), II(1,2a,2b,5,7a,7b,8a,8b) and IV(1,2a,2b,2d,2e,5,8)	Contractor Services Centre (Pusat Khidmat Kontraktor) Ministry of Works	1405 A 2009 0485	24.07.2011 / 23.07.2013	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
Matrix	Taman Seri Impian 4 - Impiana Casa 1	Planning approval	Pejabat Tanah Daerah Kluang	PTDK 3/8/3/2010	⁽¹⁾ 09.06.2010	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Kluang	MPK/599/300/6/8/2010	28.09.2010 – ⁽²⁾ 05.08.2011	Nil	Not applicable
		Housing developer licence	MHLA	7164-18/12-2013/1447	22.12.2010 – 21.12.2013	Nil	Not applicable
		Advertising permit	MHLA	7164-18/2709/2012(12)	27.12.2011 – ⁽³⁾ 26.12.2012	Nil	Not applicable
Matrix	Impiana Villa 2 Impiana Avenue 3, 4 and 5, and Taman Seri Impian 2(Zon 1 and Zon 2)	Planning approval	Pejabat Tanah Daerah Kluang	PTDK(SKS) 13/99	⁽¹⁾ 28.07.2005	Nil	Not applicable
Matrix	Impiana Villa 3	Planning approval	Pejabat Tanah Daerah Kluang	PTDK(SKS) 13/99 Jld. 2	⁽¹⁾ 24.07.2008	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
Matrix	Impiana Casa 2	Planning approval	Pejabat Tanah Daerah Kluang	PTDK 3/8/3/2010	⁽¹⁾ 09.06.2010	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Kluang	MPK/599/300/6/8/2011	⁽¹⁾ 3.1.2012	Nil	Not applicable
		Developer License	MHLA	7164-21/04-2015/511	23.4.2012 – 22.4.2015	Nil	Not applicable
		Advertisement Permit	MHLA	7164-21/1019/2013(04)	⁽⁴⁾ 30.4.2012 – 29.4.2013	Nil	Not applicable
Matrix	Impiana Avenue 6	Planning approval	Pejabat Tanah Daerah Kluang	PTDK 3/8/3/2010	⁽¹⁾ 09.06.2010	Nil	Not applicable
Matrix	Impiana Square (Impiana Avenue 7)	Planning approval	Pejabat Tanah Daerah Kluang	PTDK 3/8/24/2011	⁽¹⁾ 13.10.2011	Nil	Not applicable
Matrix	Third 9 Residence	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/177/10/01	⁽¹⁾ 01.04.2011	Nil	Not applicable
Matrix	Lobak Commercial Centre, Phase 1	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/114/10/40	⁽¹⁾ 16.12.2010	Nil	Not applicable
Matrix	Lobak Commercial Centre, Phase 2	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/114/10/40	⁽¹⁾ 16.12.2010	Nil	Not applicable
Matrix	Impiana Casa 2 (Stage 2)	Planning approval	Pejabat Tanah Daerah Kluang	PTDK 3/8/3/2010	⁽¹⁾ 09.06.2010	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
Matrix	Taman Desa PD 3	Planning approval	Pejabat Pengarah Tanah dan Galian Negeri Sembilan	PTG.NS 1/1/4/1165	⁽¹⁾ 08.07.2011	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Port Dickson	MPPD 431/154/2008/02	⁽¹⁾ 20.10.2011	Nil	Not applicable
		Housing developer licence	MHLA	7164-20/01-2015/24	06.01.2012 – 05.01.2015	Nil	Not applicable
		Advertising permit	MHLA	7164-20/1828/2014(01)	18.01.2013 – 17.01.2014	Nil	Not applicable
BSS Development	Nusari Aman 1B	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/108/07/02	⁽¹⁾ 02.12.2007	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Nilai	(i) MPN 431/1088/2009/2(55) (ii) MPN 431/1088/2009/2	(i) ⁽¹⁾ 16.02.2011 (ii) ⁽¹⁾ 10.08.2011	Nil	Not applicable
		Housing developer licence	MHLA	10613-9/04-2014/458	13.04.2011 – 12.04.2014	Nil	Not applicable
		Advertising permit	MHLA	10613-91827/2013(04)	⁽³⁾ 16.04.2012 – 14.04.2013	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
BSS Development	Idaman Bayu 2	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/103/07/02	⁽¹⁾ 02.12.2007	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Nilai	MPN 431/1305/2010/2(10)	⁽¹⁾ 07.01.2011	Nil	Not applicable
		Housing developer licence	MHLA	10613-17/10-2015/1325	03.10.2012 – 02.10.2015	Nil	Not applicable
		Advertising permit	MHLA	10613-17/2356/3013(10)	04.10.2013 – 03.10.2013	Nil	Not applicable
BSS Development	Nusari Aman 2	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/108/07/02	⁽¹⁾ 02.12.2007	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Nilai	MPN 431/1397/2011/2	⁽¹⁾ 10.08.2011	Nil	Not applicable
		Housing developer licence	MHLA	10613-12/10-2014/1261(10)	21.10.2011 – 20.10.2014	Nil	Not applicable
		Advertising permit	MHLA	10613-12/2256/2012(02)	28.10.2011 – ⁽³⁾ 27.10.2012	Nil	Not applicable
BSS Development	Sendayan Metropark Shop 1A	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/108/07/02	⁽¹⁾ 02.12.2007	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Nilai	MPN 431/1269/2010/2	⁽¹⁾ 10.11.2010	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
BSS Development	Sendayan Tech Valley 1	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/188/10/47 and PTS 528/119/11/47	⁽¹⁾ 23.12.2010 and ⁽¹⁾ 03.03.2011	Nil	Not applicable
		Infrastructure plan approval	Majlis Perbandaran Nilai	MPN 431/31/2008/2-1(19) and MPN 431/31/2008/2-1(8)	⁽¹⁾ 09.05.2011 and ⁽¹⁾ 17.07.2008	Nil	Not applicable
BSS Development	Sendayan Tech Valley 2	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/118/11/47	⁽¹⁾ 10.05.2011	Nil	Not applicable
		Infrastructure plan approval	Majlis Perbandaran Nilai	MPN 431/3/2011/2-1(8) and MPN 431/116/2011/2-1(10)	⁽¹⁾ 17.02.2011 and ⁽¹⁾ 06.11.2011	Nil	Not applicable
BSS Development	Nusari Aman	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/220/11/47	⁽¹⁾ 10.06.2011	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Nilai	MPN 431/1439/2011/2(9), MPN 431/1441/2011/2(11) and MPN 431/1438/2011/2(11)	⁽¹⁾ 23.11.2011	Nil	Not applicable
		Housing developer licence	MHLA	10613-13/01-2015/69	13.01.2012 – 12.01.2015	Nil	Not applicable
		Advertising permit	MHLA	10613-13/147/2013(01)	16.01.2012 – ⁽³⁾ 15.01.2013	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
BSS Development	Nusari Bayu 2B	Planning approval	Pejabat Pengarah Tanah dan Galian Negeri Sembilan	PTS 354/108/07/02	⁽¹⁾ 02.12.2007	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Nilai	MPN 431/1440/2011/2(12)	⁽¹⁾ 23.11.2011	Nil	Not applicable
		Housing Developer Licence	MHLA	10613-14/05-2015/636	17.05.2012 – 15.05.2015	Nil	Not applicable
		Advertisement Permit	MHLA	10613-14/1206/2013 (05)	21.05.2012 – 20.05.2013	Nil	Not applicable
BSS Development	1 Sendayan Clubhouse	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/308/11/47	⁽¹⁾ 09.11.2011	Nil	Not applicable
		Building plan approval	Majlis Perbandaran Nilai	MPN 431/1556/2012/2	31.10.2012 – 30.10.2015	Nil	Not applicable
BSS Development	Sub Centre @ Nusari Bayu	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/108/07/02	⁽¹⁾ 02.12.2007	Nil	Not applicable
BSS Development	Sub Centre @ Nusari Hijayu	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/108/07/02	⁽¹⁾ 02.12.2007	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
BSS Development	Hijayu 1A and Sendayan Merchant Square 1	Planning approval	Pejabat Daerah dan Tanah Seremban	PTG.NS 1/1/1/3493 and PTS 528/292/1/147	⁽¹⁾ 30.06.2011 and ⁽¹⁾ 27.10.2011	Nil	Not applicable
BSS Development	Hijayu 1B	Planning approval	Pejabat Daerah dan Tanah Seremban	PTG.NS 1/1/1/3493 and PTS 528/292/1/147	⁽¹⁾ 30.06.2011 and ⁽¹⁾ 27.10.2011	Nil	Not applicable
		Building Plan Approval	Majlis Perbandaran Nilai	MPN431/1530/2012/2	⁽¹⁾ 15.06.2012 and ⁽¹⁾ 07.08.2012	Nil	Not applicable
		Housing Developing Licence	MHLA	10613-16/2015/1064	03.08.2012 – 02.08.2015	Nil	Not applicable
		Advertisement Permit	MHLA	10613-16/1949/2013(08)	09.08.2012 - 08.08.2013	Nil	Not applicable
BSS Development	Hijayu 2 and Sendayan Merchant Square 2	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/308/1/147	⁽¹⁾ 09.11.2011	Nil	Not applicable
BSS Development	Hijayu 3D	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/137/1/147	⁽¹⁾ 22.08.2011	Nil	Not applicable
		Building Plan Approval	Majlis Perbandaran Nilai	MPN431/1502/2012/2	⁽¹⁾ 24.04.2012, ⁽¹⁾ 05.10.2012, and ⁽¹⁾ 15.10.2012	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
		Housing Developer Licence	MHLA	10613-15/07-2015/910	11.07.2012 – 10.07.2015	Nil	Not applicable
		Advertising Permit	MHLA	10613-15/1778/2013(07)	24.07.2012 – 23.07.2013	Nil	Not applicable
BSS Development	Hijayu (Resort Homes)	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/308/11/47	(¹)09.11.2011	Nil	Not applicable
BSS Development	Hijayu (Resort Villa)	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/308/11/47	(¹)09.11.2011	Nil	Not applicable
BSS Development	Hijayu (Residence)	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/308/11/47	(¹)09.11.2011	Nil	Not applicable
BSS Development	Hijayu 3A	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/137/11/47	(¹)22.08.2011	Nil	Not applicable
BSS Development	Hijayu 3B	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/137/11/47	(¹)22.08.2011	Nil	Not applicable
BSS Development	Hijayu 3C	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/137/11/47	(¹)22.08.2011	Nil	Not applicable
BSS Development	Idaman Yu 1	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/15/11/47	(¹)27.04.2011	Nil	Not applicable
BSS Development	Idaman Yu 2	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/167/12/47	(¹)17.04.2012	Nil	Not applicable

5. BUSINESS OVERVIEW (Cont'd)

Company	Project	Description of licence/approval	Authority	Licence/Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
BSS Development	Sendayan Metropark Shop 2	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 528/219/11/47	⁽¹⁾ 10.06.2011	Nil	Not applicable
BSS Development	Sub Centre @ Sendayan Tech Valley 1A	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/188/10/47 and PTS 528/119/11/47	⁽¹⁾ 23.12.2010 and ⁽¹⁾ 03.03.2011	Nil	Not applicable
BSS Development	Sendayan Autocity	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS528/142/12/47	⁽¹⁾ 06.03.2011	Nil	Not applicable
Riverine Project Sdn Bhd	Kota Gadong Perdana	Planning approval	Pejabat Daerah dan Tanah Seremban	PTS 354/102/03/02	⁽¹⁾ 04.07.2003	Nil	Not applicable
1 Sendayan Education	Matrix Primary and Secondary Private School	Approval of establishment of Primary and Secondary Private School	Kementerian Pelajaran Malaysia	KP.BPS.SPIPS700-2/2/137(4)	⁽¹⁾ 13.08.2012	Nil	Not applicable
1 Sendayan Education	Matrix International School	Approval of establishment of International School	Kementerian Pelajaran Malaysia	KP.BPS.SPIPS700-2/2/140(5)	⁽¹⁾ 13.08.2012	Nil	Not applicable

Notes:

(1) No expiry.

(2) The development of Taman Seri Impian 4 – Impiana Casa 1 commenced on 22 December 2010.

(3) This advertising permit has not been renewed as all sales units under this advertising permit have been sold prior to the expiry of the advertising permit.

(4) An application for renewal has been submitted prior to LPD.

5. BUSINESS OVERVIEW (Cont'd)

5.20 DEPENDENCY ON INDUSTRIAL, COMMERCIAL AND FINANCIAL CONTRACTS

As at the LPD, save as disclosed below, there are no material agreements or contracts (including informal arrangements or understanding or understandings), which have been entered into by our Group and which our Group is highly dependent upon:

- (i) Shareholders cum Joint Venture Agreement dated 29 August 2005 between MBI and Matrix Concepts for the development of approximately 5,223 acres of land in Felda Labu Sendayan located at Mukim Labu, Daerah Seremban, Negeri Sembilan (presently known as Bandar Sri Sendayan) via the establishment of a special purpose company namely BSS Development as amended and modified via the First Supplemental Agreement, Second Supplemental Agreement and the Deed of Completion;
- (ii) Joint Venture Agreement between Restu Pertiwi Sdn Bhd and Matrix dated 26 January 2011 for the assignment of all Restu Pertiwi Sdn Bhd's rights title interest and liability arising from the Joint Venture Agreement between MBI and Restu Pertiwi Sdn Bhd dated 26 January 2011, for the development of the land measuring approximately 42 acres in Pekan Paroi Jaya, District of Seremban, Negeri Sembilan;
- (iii) Joint Venture Agreement between KKTNJB and Matrix dated 14 May 2005, for the development of an area measuring 900 acres being part of PT 10772 and PT 10773, HS(D) 4066 and HS(D)4067, Mukim and District of Kluang, Johor and modified via the First Supplementary Agreement, Second Supplementary Agreement and the Variation Agreement; and
- (iv) Joint Venture Agreement between MAINS and Riverine Projects dated 23 October 2002 for the development of the following lands:-
 - (a) Land measuring 70 acres in Gadong Jaya, Mukim Labu, District of Seremban, Negeri Sembilan; and
 - (b) Land measuring approximately 89.79 hectares in Gadong Jaya, Mukim Labu, District of Seremban, Negeri Sembilan.

The salient terms of the abovementioned agreements are as follows:

5.20.1 Shareholders cum Joint Venture Agreement dated 29 August 2005 between MBI and Matrix Concepts

- (i) Shareholders cum Joint Venture Agreement dated 29 August 2005 entered into between Menteri Besar, Negeri Sembilan (Incorporation) ("**State Agency**") and Matrix Concepts Holdings Berhad ("**Company**"), where both parties co-operate to develop approximately 5,233 acres of land in Felda Labu Sendayan located at Mukim Labu, Daerah Seremban, Negeri Sembilan ("**Development Land**") via the establishment of a special purpose company namely BSS Development Sdn Bhd (formerly known as Formasi Bestari Sdn Bhd) ("**Principal Agreement**"); as amended and modified via a First Supplemental Agreement dated 15 February 2006, Second Supplemental Agreement dated 30 October 2006 (The Shareholders cum Joint Venture Agreement, First and Second Supplemental Agreements shall be collectively referred to hereafter as the "**Shareholders cum Joint Venture Agreement**") and a Deed of Completion dated 11 August 2011 ("**Deed of Completion**").

5. BUSINESS OVERVIEW (Cont'd)

- (ii) Matrix Concepts agrees to pay MBI a sum of RM250 million and interests thereon at a rate which shall be the corresponding rate charged by the financier for MBI in respect of the loan of RM250 million obtained by MBI or any other party related to the State Government for the purchase of the Development Land ("**Payment Sum**") not later than the 5th anniversary date of the Loan Disbursement (being the disbursement by a financier to MBI for the purchase of the Development Land) or any other date to be mutually agreed upon by the Parties from a sinking fund established by Formasi Bestari Sdn Bhd (currently known as BSS Development Sdn Bhd ("**BSS Development**") for the whole and exclusive purpose of payment of the Payment Sum (the "**Sinking Fund**"). The contribution to the Sinking Fund shall be made by BSS Development and/or Matrix Concepts jointly and severally.
- (iii) Matrix Concepts shall provide, execute, and deliver to MBI a guarantee and indemnity in the form and substance acceptable to MBI to amongst others, observe and comply or procure the observance and compliance of all obligations, covenants, and duties on the part of Matrix Concepts to be performed under the Shareholders cum Joint Venture Agreement.
- (iv) The parties agree that upon satisfying the Payment Sum Matrix Concepts shall have full rights over the Development Land including the rights to permit or cause to permit any assignment, transfer, charge, and mortgage, lien on or over the Development Land and that any of the guarantee documents executed pursuant to the Shareholders cum Joint Venture Agreement shall be discharged and be of no effect against the directors of Matrix Concepts and/or Matrix Concepts.
- (v) The proportion of the issued and paid up share capital of BSS Development shall be ("**Agreed Proportion**") :
 - (a) State Agency : 1 special rights redeemable preference share of RM1.00 ("**Special Share**")
 - (b) Matrix Concepts : 1 million ordinary shares of RM1.00 each
- (vi) This Agreement shall continue in full force and effect until terminated in respect of any party in accordance with the provisions of this Agreement or upon the occurrence of any of the following events:
 - (a) At any time by written consent of all the parties and BSS Development;
 - (b) An effective resolution is passed or a binding order is made for the winding-up of BSS Development; or
 - (c) The shares of BSS Development are listed on any of stock exchange.

5. BUSINESS OVERVIEW (Cont'd)

- (vii) Any of the parties ("Non-defaulting parties") shall be entitled to terminate the Shareholders cum Joint Venture Agreement on the occurrence of the following events of default ("Events of Default") by giving 30 days' written notice to the other party in default ("Defaulting Party"):
- (a) if the Defaulting Party commits or permits any breach of any of the obligations in the Shareholders cum Joint venture Agreement and on its part to be performed or observed and shall not have remedied such breach (if capable of remedy) within 30 days after written notice shall have been given to the Defaulting Party by any of the other Party requiring such remedy; or
 - (b) if an order shall be made or an effective resolution passed for the winding up of the Defaulting Party otherwise that in the course of reconstruction or amalgamation; or
 - (c) if the Defaulting Party shall be dissolved or liquidated, as the case may be; or
 - (d) if a receiver shall be appointed of a substantial part of the Defaulting Party's assets or if possession shall be taken of a substantial part of the Defaulting Party's assets on behalf of any creditor or creditors; or
 - (e) if the Defaulting Party shall sell, transfer or otherwise dispose of its beneficial interest in any of its BSS Development Shares to any person otherwise than provided for in the Shareholders cum Joint Venture Agreement; or
 - (f) if the shareholding of the Defaulting Party in a related corporation to which their respective shares of BSS Development have been transferred is reduced to less than 100% and the relevant shares are not transferred back to the transferor or to another related corporation of the transferor in which corporation or company the transferor shall have a minimum 100% shareholdings, and the third party or parties obtaining control are not acceptable to the others hereto.
- (viii) Subject to the provisions of the Shareholders cum Joint Venture Agreement, BSS Development may by ordinary resolution, unless otherwise mutually agreed by the Shareholders, distribute as dividends to the Shareholders all funds which are lawfully available out of its net profits after taking into consideration amongst others available cash, working capital, capital expenditure requirement, distributable income and tax cover and statutory payments.
- (ix) MBI shall not transfer or cause to be transferred the Development Land or any part or parts thereof to the Developer. Instead the Development Land shall remain vested and/or registered under the name of MBI, MBI shall transfer or cause to be transferred the Development Land or any part or parts thereof to BSS Development or to the end purchaser so nominated by BSS Development upon the full and final settlement of the Payment Sum together with interest charges and other costs save for such area of the Development Land equating to 100 acres which shall be retained by MBI.

5. BUSINESS OVERVIEW (Cont'd)

- (x) Pursuant to the Deed of Completion, the parties have agreed and confirmed that:
- (a) Matrix Concepts has fully paid the sum of RM250 million together with interest in the manner as set out in the Shareholders cum Joint Venture Agreement. The parties agree and confirm that there are no other monies due to MBI from Matrix Concepts;
 - (b) MBI is entitled to an area of approximately 100 acres from the Development Land being the return on the investment of MBI under the Shareholders cum Joint Venture Agreement (the "**said lands**"). The parties agree and confirm that the said lands shall comprise of the following three parcels namely PT Nos. 4948, 5585 and 1053.
 - (c) MBI agrees and confirms that in the event MBI decides to sell or develop on a joint venture basis the said lands or any part thereof, the first right of refusal must be given to Matrix Concepts and/or their nominees.
 - (d) MBI shall also give Matrix Concepts and/or their nominees a Power of Attorney with the usual terms and conditions empowering Matrix Concepts, amongst others, to sell, transfer, charge, or lease the said lands or any part thereof in the event MBI develops the said lands on a joint venture basis with Matrix Concepts and/or their nominees.
 - (e) that Clause 3B of the Shareholders Cum Joint Venture Agreement is no longer applicable. However, the Special Share in BSS Development Sdn Bhd ("**BSS**") registered as Share Certificate No: GS 001 shall continue to be held by MBI with the following functions:
 - (1) to receive notice of all general meetings or any other meeting;
 - (2) to advise on the future development of the Development Land save for the said lands;
 - (3) to represent BSS Development in any ceremony and/or function;
 - (4) to liaise with the Town and/or Municipal Council and/or any other relevant authorities to assist in the approval of layout and/or building plans; and
 - (5) to assist in monitoring the progress of development on the Development Land save for the said lands;
 - (f) that Matrix Concepts has full rights over the Development Land, save for the said lands, including the right to permit or cause to permit any assignment, transfer, charge, lease or lien on or over the Development Land save for the said lands.

5. BUSINESS OVERVIEW (Cont'd)

- (g) that MBI agrees to channel and/or transmit to BSS Development all balance payments from past sales and all proceeds of sale from present and future agreements entered into between MBI and purchasers in relation to the Development Land save for the said lands in paragraph (x)(b) above and to also permit BSS Development to receive monies directly from any purchaser and/or any third party and to give good receipts in respect of the monies so received in respect of the Development Land save for the said lands.
- (h) Matrix Concepts agrees and undertakes to fully indemnify MBI against all losses, damages, liability, suits, litigation, costs, expenses, etc initiated or taken by any purchaser or any third party against MBI in relation to any matters related to the Development Land save for the said lands.

5.20.2 Joint Venture Agreement between Restu Pertiwi Sdn Bhd and Matrix dated 26 January 2011

- (i) Joint Venture Agreement between Restu Pertiwi Sdn Bhd and Matrix dated 26 January 2011 for the assignment of amongst others all Restu Pertiwi Sdn Bhd's rights title interest and liability arising from the Joint Venture Agreement between MBI and Restu Pertiwi Sdn Bhd dated 26 January 2011 ("**Third 9 Residence JVA**") for the development of the land measuring approximately 42 acres in Pekan Paroi Jaya, District of Seremban, Negeri Sembilan ("**Assignment**");
- (ii) The Parties hereby agree that the Assignor's Benefit (defined hereunder) shall be RM300,000. Matrix ("**Assignee**") shall pay Restu Pertiwi Sdn Bhd ("**Assignor**") within 30 days from the date of completion of the whole Project.
- (iii) In consideration of the Assignee agreeing to be fully bound by the Third 9 Residence JVA as if the Assignee were a party thereto in place of the Assignor and in consideration of the benefit to be given by the Assignee to the Assignor in the amount, manner and at the times provided hereinafter ("**Assignor's Benefit**") AND except as stated to the contrary in the Assignment, the Assignor, as beneficial owner, hereby assigns unto the Assignee absolutely, amongst others, all rights title interest benefits and liability in and under the said Third 9 Residence JVA, and all the estate right title interests benefits claims and demand whatsoever of the Assignor of in or pursuant to amongst others the said Third 9 Residence JVA subject nevertheless to the obligations and liabilities on the part of the Assignor contained in the said Third 9 Residence JVA and to comply with the Housing Developer (Control and Licensing) Act 1966 and Housing Developer (Control and Licensing) Regulations 1989, in particular, Regulations 5, 10, 11, and 12.
- (iv) The parties agree and confirm that subject only to express terms, conditions and modifications, if any contained in the Assignment, the Assignee (Matrix) shall assume all and sundry the obligations and liabilities and shall be entitled to ALL whatsoever rights, title, interests and benefits imposed upon or vested in the Assignor by under or pursuant to amongst others the Third 9 Residence JVA as fully and effectively as if the Assignee had been the party to amongst others the Third 9 Residence JVA in place of the Assignor.

5. BUSINESS OVERVIEW (Cont'd)

- (v) Assignor expressly agrees and confirms that from henceforth the Assignor shall have no right title or interest or anything whatsoever in and arising out of amongst others the Third 9 Residence JVA and the Assignor hereby expressly acknowledge that from the date of this Deed of Assignment, the Assignee shall be absolutely entitled to the legal and equitable title and interest over amongst others the said Third 9 Residence JVA provided always that the Assignor's rights to recover the Assignor's Benefit from the Assignee in the event of any breach by the Assignee of the terms of this Assignment shall not be prejudiced by this Clause.
- (vi) Assignor shall at all times hereafter save harmless and keep the Assignee indemnified against all actions, proceedings, claims, demands, penalties, costs and expenses which may be brought or made against or incurred by the Assignee, by reason or on account of the non-observance of all or any of the stipulations on the part of the Assignor contained in the said Third 9 Residence JVA or otherwise howsoever up to the date of this Assignment.

5.20.3 Joint Venture Agreement between KKTNJB and Matrix dated 14 May 2005

- (i) Joint Venture Agreement between KKTNJB ("**Landowner**") and Matrix dated 14 May 2005, for the development of an area measuring 900 acres ("**Development Land**") being part of PT 10772 and PT 10773, HS(D) 4066 and HS(D)4067, Mukim and District of Kluang, Johor as amended and modified via a First Supplementary Agreement dated 5 April 2006, Second Supplementary Agreement dated 29 July 2008 and the Variation Agreement dated 10 November 2011 (collectively known as the "**TSI JVA**").
- (ii) In consideration of the Matrix having agreed to erect, construct and complete the Project in accordance with the terms and conditions herein agreed and at its own costs and expenses, the parties agreed that the Landowner shall be entitled to a total consideration of lump sum RM108,000,000 ("**Joint Venture Consideration**") to be paid in accordance with the manner as set out in the TSI JVA.
- (iii) Matrix agrees covenants and undertakes amongst others with the Landowner that it shall: -
 - (a) proceed with commencement of construction of the project within 9 months from the date of the TSI JVA and to complete not less than 90% of the project within 180 months from the date of commencement subject always to the prevailing market conditions;
 - (b) at its own costs and expenses obtain and procure or cause to be obtained and procured the Requisite Consents and the approvals and consents necessary for the commencement, construction and completion of the project;
 - (c) indemnify and keep indemnified the Landowner, against any liabilities, damage, loss, claims, action proceedings, costs and expense whatsoever in respect of the following (save and except where the same is due to wilful default, negligence, omission or conduct blameworthy of the Landowner):

5. BUSINESS OVERVIEW (Cont'd)

- (1) arising from or due to any negligence, omission, default of Matrix, or any of its agents, servants, or sub-contractors in respect of the development, construction and completion of the project; and
 - (2) arising from or due to the exercise of Matrix or any of its agents, servants, or sub-contractors of the power of attorney granted by the Landowner.
- (iv) Matrix undertakes to :
- (a) build 320 units of single-storey bungalows measuring approximately 5,400 square feet each in land area (the "**Bungalows**") to accommodate the housing needs of the Landowner's members and to be completed within thirty-six (36) months from the approval of the Building Plan or forty-two (42) months from the date of this Agreement, whichever is earlier;
 - (b) the selling price for each Bungalow shall be at a discounted price of RM180,000 per unit and a further discount of RM5,000 per unit agreed by the Matrix that makes up the net selling price at RM175,000 per unit with a built-up area of approximately 2,000 square feet each (inclusive of car porch) and the design to be agreed between Landowner and Matrix;
 - (c) the completion date for the said bungalows shall now be within 24 months from the date of approval of the Building Plan;
 - (d) indemnify and keep indemnified the Landowner, its directors and members against any liabilities, damage, loss, claims, action proceedings, costs and expense whatsoever arising as a result of Matrix charging the Development Land to a financier.
- (v) The Landowner represents and warrants and undertakes amongst others:
- (a) That the Landowner will at all times save harmless and keep indemnified Matrix against all actions, proceedings, damages, penalties, costs, claims and demands by reason or account of non-payment, non-performance and/or non-observance by the Landowner and/or all those through whom the Landowner derives title of all and every stipulation, agreement, proviso and condition respectively as are mentioned or contained in the Power of Attorney and to be performed or observed prior to the date of the TSI JVA by the Landowner and/or all those through whom the Landowner derives title;
 - (b) The Landowner will at all times save harmless and keep indemnified Matrix, its respective successors in titles and assigns all actions, proceedings, damages, penalties, costs, claims and demands, by reason of or on account of any breach or misrepresentation or non-fulfilment of the declarations, representations, warranties and covenants set forth in the TSI JVA or any of them and Matrix may at their option in the event of such breach, misrepresentation, or non-fulfilment, by notice in writing to the Landowner, treat the TSI JVA as rescinded on the date of receipt by the Landowner of the aforesaid notice;

5. BUSINESS OVERVIEW (Cont'd)

- (c) The Landowner allows Matrix as the lawful attorney of the Landowner to sell the said Properties SUBJECT ALWAYS to the terms of the Power of Attorney and that Matrix shall as the lawful attorney of the Landowner sign and execute the Sale and Purchase Agreement, Memorandum of Transfer, and all other documents in relation thereto;
 - (d) The Landowner shall not or purport, without the prior written consent of Matrix to carry on further business transactions, dealings, negotiations, contracts or business of whatsoever nature in relation to the Development Land save and except for in accordance with the terms of the TSI JVA;
 - (e) The Landowner shall at its own costs and expense immediately take all such steps as may be necessary including legal proceedings to remove, evict or cause to be removed and evicted from the Development Land each and every squatter at any time and from time to time in occupation and possession of the Development Land;
 - (f) The Landowner shall abide by all provisions of the Housing Development (Control and Licensing) Regulations 1989 and all regulations made thereunder and in particular regulations 5,10,11 of the Housing Development (Control and Licensing) regulations 1989 whereby the Landowner agrees to sale of the Properties erected on the Development Land to the purchasers by Matrix and shall be a party to the Sale and Purchase Agreement between Matrix and the purchasers of the Properties.
- (vi) The following events shall be an event of default by the Landowner :
- (a) If the Landowner fails to comply with, observe and perform any of the conditions, obligations and stipulations on part of the Landowner to be complied with, observed and performed contained in this TSI JVA; or
 - (b) If the Landowner commits any breach of or omits to observe any of the terms, conditions, obligations and stipulations of this TSI JVA; or
 - (c) If any representation or warranty made or deemed to be made by the Landowner in or pursuant to this TSI JVA or in any notice, certificate, instrument or statement contemplated in this TSI JVA (save and except disclosed before the execution of this TSI JVA in writing) is incorrect in any respect whatsoever; or
 - (d) If the Landowner shall suspend or give notice to any person of its intention to suspend its business and operations or ceases or threatens to cease to carry on its business.
- (vii) Upon the above default events happening, Matrix shall be entitled by notice in writing to terminate this TSI JVA and demand from the Landowner to pay and the Landowner shall no later than 14 days from the date of the demand pay to Matrix the following:-
- (a) All advances and all other payments made to the Landowner or any other party at the request of the Landowner;

5. BUSINESS OVERVIEW (Cont'd)

- (b) The fair commercial value and costs of the structures, buildings and work on the Development commenced and completed by Matrix as at the date of default as determined and valued by an independent valuer jointly appointed by the parties and the parties agree that the valuations and findings of the valuer shall be binding and conclusive on the parties of this TSI JVA and the appointment shall be made within 1 month from the date of the default;
 - (c) Payments to relevant consultants and contractors paid by Matrix as at the date of default;
 - (d) Administrative costs paid by Matrix as at the date of the default;
 - (e) All other costs incurred by Matrix in relation to the Development as at the date of the default;
 - (f) The Landowner shall also indemnify and keep indemnified Matrix against all claims made by the individual purchasers who have signed the sale and purchase agreement with Matrix as at the date of the default.
- (viii) It shall be an event of default by Matrix if Matrix fails to comply with, observe and perform any of the conditions, obligations and stipulations on the part of Matrix to be complied with, observe performed contained in this TSI JVA and upon happening of the default by Matrix, the Landowner shall be entitled by notice in writing served on Matrix to terminate this TSI JVA.
 - (ix) Matrix shall indemnify and keep indemnified the Landowner against any liabilities, damage, loss, claim, actions, proceedings, cost and expenses whatsoever (save and except where the same is due to any willful default, negligence, omission or conduct blameworthy of the Landowner) arising out of default by Matrix. All costs and expenses incurred shall be borne solely by Matrix.

5.20.4 Joint Venture Agreement between MAINS and Riverine Projects dated 23 October 2002

- (i) Joint Venture Agreement between MAINS and Riverine Projects dated 23 October 2002 for the development of the following lands:-
 - (a) Land measuring 70 acres in Gadong Jaya, Mukim Labu, District of Seremban, Negeri Sembilan; and
 - (b) Land measuring approximately 89.79 hectares in Gadong Jaya, Mukim Labu, District of Seremban, Negeri Sembilan.
- (ii) MAINS shall be entitled to the payment consideration of RM8,500,000 only which shall be paid in accordance with the manner as set out in the Agreement.
- (iii) In the event Riverine Projects fails to reach a settlement with the Orang Asli of Kampung Pelebar and this Agreement is hereto terminated by Riverine Projects on that ground, MAINS shall forfeit a sum of RM300,000 which was paid upon signing this Agreement and Riverine Projects shall have no claim whatsoever against MAINS.

5. BUSINESS OVERVIEW (Cont'd)

- (iv) This Agreement shall be subject to the following conditions, amongst others,:
- (a) the said Land shall be approved for alienation to the Landowner by the issuance of Form 5A from the relevant land authority and the original is duly sighted by Riverine Projects;
 - (b) the said Land shall be free from any encumbrances or rights;
 - (c) Riverine Projects shall have obtained the approval from the appropriate authorities on all the plans submitted by Riverine Projects for the development of the Project within a reasonable time;
 - (d) that the Landowner shall execute the Power of Attorney in favour of Riverine Projects thereby empowering and allowing Riverine Projects to carry out all acts necessary to complete the development of the Project inclusive of signing all applications to secure approvals for the development, to execute the Sale and Purchase Agreement of the units and the transfer, thereafter to the relevant purchasers of the units, to execute a charge or other security over the Land and the units as the case may be;
 - (e) the approval of the Economic Planning Unit (if required);
 - (f) the physical eviction and relocation of all squatters and/or occupiers currently on the Land (if any);
 - (g) the rescission and termination of any whatsoever previous agreement(s) and/or contract(s) which are subsisting between the Landowner and other parties in respect of the said Lands (if any). Documents pertaining to the progress of such rescission and/or termination, if any, shall be made known to Riverine Projects's Managers upon the execution of this Agreement or from time to time pursuant to the terms of this Agreement;
 - (h) that any existing claim or interest in relation to or affecting the said Land shall have been or will first be resolved solely by MAINS;
 - (i) Riverine Projects undertakes to be wholly responsible in the settlement with Orang Asli of Kampung Pelebar.
- (v) In the event any one or more of the conditions precedent shall not have been fulfilled or satisfied within 12 months from the date of this Agreement, then in such event this Agreement shall at the sole option of Riverine Projects lapse and be of no further force and effect and neither party hereto shall have any claims(s) of whatsoever nature for any contribution, compensation, damages or indemnity whatsoever in respect of any act done prior to the lapsing of this Agreement as aforesaid.
- (vi) Unless otherwise sooner terminated in accordance with the provisions of this Agreement, the obligations of the parties under this Agreement shall continue until the occurrence of the following:-
- (a) the Practical Completion of the Development;
 - (b) the issue of the Certificate of Fitness of all units;

5. BUSINESS OVERVIEW (Cont'd)

- (c) the issue of separate documents of title to the units and the transfer of the same to purchasers of the units; and
 - (d) the sale of all the units.
- (vii) Riverine Projects undertakes to complete the development of the Project within six (6) years from the first Sale and Advertising Permit being obtained by them from the appropriate authorities but subject to extension of time to be mutually agreed by both parties.
- (viii) The parties agree, amongst others, that notwithstanding this Agreement is subject to conditions precedent, there shall be a valid and subsisting Agreement in existence pending the satisfaction of all the said conditions and MAINS agrees that Riverine Projects has by virtue of this Agreement acquired an interest in the Land, whether beneficial, equitable or otherwise, so as to allow Riverine Projects to lodge a private caveat on the title to the said Land against any dealing with the property until such time as Riverine Projects deems necessary but without affecting the completion of the project registration/completion of the sale and subsequent transfer in favour of end purchasers of the units. In amplification of this clause, Riverine Projects shall simultaneously upon the execution of the Private Caveat execute a withdrawal of Private Caveat in escrow and deposit the same with a solicitor appointed as stakeholder who shall and are hereby authorized by the parties hereto to withdraw the private caveat in the event that this Agreement is mutually terminated provided only the reasons for terminations are not attributed to any default by the Landowner.
- (ix) Upon the Agreement becoming unconditional, MAINS covenants and undertakes with Riverine Projects amongst others the following:-
 - (a) upon request by Riverine Projects, to sign all applications, plans and other documents as may be necessary to be signed by MAINS to secure the approval of the appropriate authorities to carry out and complete the Development and the project;
 - (b) to join with Riverine Projects as a party to any agreement for the sale of the Units (upon such terms and conditions as Riverine Projects and the Landowner shall deem fit) and the transfer thereafter of the Units to the relevant purchasers PROVIDED ALWAYS that the costs and expense of such sale and transfer shall be borne and paid by Riverine Projects;
 - (c) allow Riverine Projects to surrender the land title to the said Land to enable it to make the necessary application for the approvals and to the relevant authorities upon the approval of the application for the complete change in the category of land use and the subdivision of the Land into building lots or for the surrender and re-alienation of the same as aforesaid for the exchange of separate individual documents of title for each of the Units;
 - (d) assist Riverine Projects in the eviction of the squatters and or occupiers if any and to deliver vacant possession of the Land to Riverine Projects on the execution of this Agreement; and

5. BUSINESS OVERVIEW (Cont'd)

- (e) that it shall not without Riverine Projects' prior written consent create or permit to be created any charge (whether legal or equitable) or other encumbrance or security interest whatsoever, in and to the Land and the Units or its rights, title and interest or sell, transfer or otherwise deal with the Land or the Units and the aforesaid rights, title and interest.

- (x) The Developer covenants and undertakes, amongst others, the following:
 - (a) The Developer shall at its own costs and expense use its best endeavours to apply for and obtain all necessary approvals for the complete conversion of the Land into the proper category of land use for the project including the subdivision of the Land to enable the execution of the project;

 - (b) It shall comply strictly with the conditions imposed by all appropriate authorities and shall indemnify and keep indemnified MAINS against all fines, penalties, loss and expense imposed or incurred by reason of any breach of any non-performance of the conditions set out in Clause 9.1(a) to (d) of the Agreement;

 - (c) It shall not suffer, permit, cause any trespass or nuisance to be committed to MAINS' adjoining lands by Riverine Projects' servants, agents, contractors or sub-contractors or any vehicle belonging to Riverine Projects, its servants, agents, contractors or sub-contractors and shall indemnify and keep MAINS indemnified against all claims, damages, compensation, costs, expenses and other incidental expenses of whatsoever nature arising out of any breach of this sub-clause.

- (xi) If:
 - (a) either party is in breach of or fails to observe or perform any of its covenants and obligations hereunder and has failed to remedy such breach or failure within a reasonable time not exceeding 30 days after the receipt of notice by the other party to that effect;

 - (b) any representation or warranty made or deemed to be made by either party in or pursuant to this Agreement is incorrect in any material respect; or

 - (c) a petition is presented (unless otherwise disputed in good faith), an order is made, an effective resolution passed or legislation enacted for the winding up (other than voluntary winding up for the purpose of reconstruction or amalgamation) of either party or if a receiver and/or manager is appointed of the undertaking or part thereof of either party; or

 - (d) if distress or execution or other process of a court of competent jurisdiction be levied upon or issued against property of either party and such distress, execution or other process as the case may be is not satisfied or challenged bona fide by such party within 7 days from the date hereof; or

5. BUSINESS OVERVIEW (Cont'd)

- (e) at any time before the practical completion of the Development, the whole of the development is suspended by order of any of the appropriate authorities for a continuous period of 60 days;.

then MAINS or Riverine Projects, whoever shall be the aggrieved party, shall be at liberty by notice in writing served on the other party hereto to terminate this Agreement and thereupon this Agreement shall, subject to the provisions of this Agreement and any pre-existing liability of either party hereto, determine.

5.21 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUE

As at the LPD, our Group has not experienced any regulatory requirement and environmental issue which may materially affect our Group's operations and utilisation of assets.

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6. INDUSTRY OVERVIEW



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

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19 April 2013

The Board of Directors
Matrix Concepts Holdings Berhad
54B, Damai Complex
Jalan Lumut
50400 Kuala Lumpur

Dear Sirs

Independent Assessment of Property Development Industry in Malaysia

The following is an Independent Assessment of the Property Development Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of Matrix Concepts Holdings Berhad (herein together with all or any one or more of its subsidiaries will be referred to as "Matrix Concepts Group" or the "Group") in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad.

1. BACKGROUND AND INTRODUCTION

- The principal business of Matrix Concepts Group is in the sales of land and property development. The focus of this report is on the property development industry.
- As most of Matrix Concepts Group's developments are located in the state of Negeri Sembilan and Johor, this report will provide some focus on the Property Development Industry in these two states.
- Matrix Concepts Group's main focus of its property development is on residential properties. However, over the last four financial years they were also involved in commercial properties and industrial plots. As such, this assessment will focus on the residential sector, and will also include some discussion on the commercial and industrial sectors of the overall Property Development Industry.

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

2.1 Key Macroeconomic Indicators for Malaysia

- Businesses, including Matrix Concepts Group, whose main market is Malaysia, are affected by the economic well-being of the nation. This is commonly reflected in the country's gross domestic product performance.

Comparative Economic Indicators

	2008	2009	2010	2011	2012	AAGR 2008-12
Malaysia.....	4.8	(1.5)	7.2	5.1	5.6	4.0
US.....	(0.3)	(3.1)	2.4	1.8	2.2	0.8
Euro zone.....	0.3	(4.4)	2.0	1.5	(0.4)	(0.4)
China.....	9.6	9.2	10.4	9.2	7.8	9.2
India.....	6.9	5.9	10.1	6.8	4.9	6.9
Indonesia.....	6.0	4.6	6.2	6.5	6.0	5.8
Thailand.....	2.6	(2.3)	7.8	0.1	5.6	2.7
Vietnam.....	6.3	5.3	6.8	5.9	5.1	5.8

*Note: All units in percentages; AAGR = Average Annual Growth Rate
(Sources: Bank Negara Malaysia, International Monetary Fund (IMF))*

- Overall, Malaysia's key economic indicators showed a developing country governed by strong economic fundamentals with GDP growing at an average annual rate of 4.0% between 2008 and 2012. In 2012, the Malaysian economy registered a real GDP growth of 5.6% driven by resilient domestic demand despite the weak external environment. The strong performance in domestic demand stemmed from sound macroeconomic fundamentals, more diversified and balanced economic structure, stronger and developed financial system, and greater macroeconomic policy flexibility implemented in the country.
- In comparison to more advance economies like the US and Euro zone, Malaysia's GDP performed better between 2008 and 2012. However, Malaysia's GDP performance lags behind those of some Asian countries like China and Indonesia.

6. INDUSTRY OVERVIEW (Cont'd)

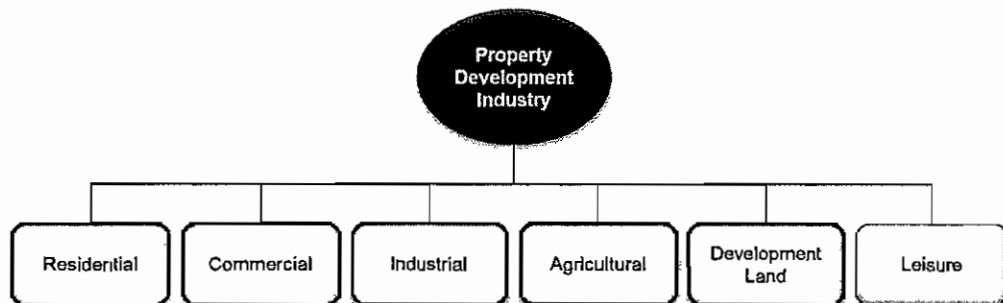


VITAL FACTOR CONSULTING
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3.1 Property Development Industry

- The Property Development Industry may be broadly segmented into the following sectors:

Structure of the Property Development Industry



Matrix Concepts Group operates within these sectors

- Residential Properties** are segmented into the following according to the type and cost of construction:
 - Terraced House
 - . Single storey low-cost
 - . Single storey standard
 - . Double storey low-cost
 - . Double storey medium-cost/economy
 - . Double storey standard
 - . 2 to 3-storey
 - Semi-Detached
 - . Low-cost
 - . Medium-cost
 - . Single storey
 - . Double storey
 - . 2 to 3-storey
 - Detached
 - . Single storey within housing estate
 - . Double storey within housing estate
 - . Individually-designed
 - Flat/Apartment/Condominium
 - . Low-cost flat
 - . 1 – 2 bedrooms
 - . 3 bedrooms or more
 - Land for residential development
 - A subdivided lot for one house
 - . Single plot
 - . Small site

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING

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- **Commercial Properties** are segmented into the following types:
 - Office
 - . Purpose-built office block
 - . Office space in shop office
 - Shop and Shopping Complex
 - . Prewar shop
 - . Postwar shop
 - . Retail lot in shopping complex
 - . Lock-up shop
 - . Vacant plot

- **Industrial Properties** are segmented into the following types:
 - Factory
 - Warehouse
 - Industrial complex
 - Flatted factory
 - Industrial site/plot

- **Agricultural/Rural Properties** comprised the following:
 - Estate land
 - Forestry
 - Kampong land
 - Rubber
 - Oil Palm
 - Paddy
 - Coconut
 - Cocoa
 - Pineapple
 - Orchard/Horticulture/Vegetable.

- **Development Land** is segmented into the following:
 - Residential
 - Commercial
 - Industrial
 - Mixed

(Including land that is not converted or approved for higher use or converted but still not subdivided)

- **Leisure Properties** include:
 - Hotel
 - Motel
 - Resort
 - Recreational park
 - Golf course
 - Marina

6. INDUSTRY OVERVIEW (Cont'd)



3.2 Supporting Operations of Property Development

- In general, the property development is mainly supported by two major operations:

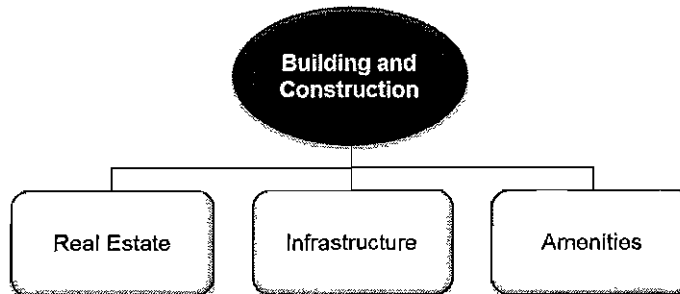
Supporting Operations of Property Development



Building and Construction

- Although the building and construction sector is an industry in its own right, it is a key part of the Property Development Industry, whereby building and construction is part of the process of developing the property.
- The Building and Construction Industry, through the use of labour, converts raw materials in the form of building materials, to various forms of buildings and infrastructures.
- There are three distinct types of building and construction activities as depicted in the diagram below:

Structure of the Building and Construction Sector



- Real estate constructions are focused on constructing physical buildings for habitation or commercial and industrial use.

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING

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- Infrastructure constructions are focused on the building of structures and facilities to enable an economy to operate effectively and efficiently, and to facilitate community living, development and advancement. Some of these structures include the following:
 - roads and highways;
 - utilities such as water supply system, sewerage system, telecommunications, power grid, and pipelines;
 - major public structures like dams, bridges, airports, seaports, railways and mass transit systems.
- Construction of amenities is focused on the building of structures and facilities for the comfort, convenience and leisure of the community. Some of these structures include the following:
 - community centres and clubs;
 - parks;
 - swimming pools;
 - libraries;
 - museums;
 - theatres.
- Based on the above, the role of the Building and Construction Industry is significant to the overall development of the nation.

Supporting Services

- Supporting services that are focused on the building and construction sector include the following:
 - Civil and structural engineering;
 - Mechanical and electrical engineering;
 - Mineral, mining, soil and geotechnical;
 - Quantity surveying;
 - Land surveying;
 - Landscaping.
- Some supporting services are also directly relevant to the Property Development Industry. Some of these services include:
 - Town planning;
 - Environmental impact consultant;
 - Architectural;
 - Interior designing;
 - Legal;
 - Estate valuation;
 - Project management;
 - Market research;
 - Advertising and promotions;
 - Real estate sales.

6. INDUSTRY OVERVIEW (Cont'd)


VITAL FACTOR CONSULTING

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4. SUPPLY CONDITIONS

- Matrix Concepts Group is a developer of residential properties and commercial properties focusing on shop units in Negeri Sembilan and Johor, which will form the focus of this section of the assessment.
- Matrix Concepts Group is also involved in the selling of industrial plots and development and agricultural land.

4.1 Supply – Residential Properties
4.1.1 Malaysia
Current Supply of Residential Properties in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Existing Stock.....	4,220.5	4,338.6	4,446.1	4,548.0	4,620.2	2.3
Growth rate (%).....	3.9	2.8	2.5	2.3	1.6	
Completed Units.....	136.9	103.3	99.9	65.9	72.2	(14.8)
Growth rate (%).	(24.4)	(24.5)	(3.4)	(34.0)	9.6	

Note: All values in '000 units, except percentages.
(Source: Valuation and Property Services Department, Ministry of Finance)
Future Supply of Residential Properties in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Incoming Supply.....	557.5	538.9	533.6	553.8	620.0	2.7
Growth rate (%).....	(2.8)	(3.3)	(1.0)	3.8	11.9	
Housing Starts.....	298.1	86.7	84.5	115.6	138.3	(17.5)
Growth rate (%).....	122.6	(70.9)	(2.6)	36.8	19.7	
Planned Supply.....	665.5	667.9	676.5	596.1	599.7	(2.6)
Growth rate (%).....	(0.2)	0.4	1.3	(11.9)	0.6	

Note: All values in '000 units, except percentages.
(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the number of completed residential properties in Malaysia registered a declining AAGR of 14.8%. In addition, the number of housing starts for residential properties also declined at an AAGR of 17.5% between 2008 and 2012.

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

4.1.2 Negeri Sembilan

Current Supply of Residential Properties in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Existing Stock.....	227.3	230.7	232.6	233.9	236.1	0.9
Growth rate (%).....	59.6	1.5	0.8	0.5	0.9	
Completed Units.....	2.6	3.4	2.0	1.4	2.2	(4.7)
Growth rate (%).....	(32.2)	30.8	(42.2)	(29.5)	54.5	

Note: All values in '000 units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

Future Supply of Residential Properties in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Incoming Supply.....	61.1	61.1	63.8	60.2	63.6	1.0
Growth rate (%).....	0.5	0.1	4.4	(5.6)	5.6	
Housing Starts.....	184.6	3.3	4.5	4.2	5.5	(58.4)
Growth rate (%).....	4,083.1	(98.2)	33.8	(5.3)	31.5	
Planned Supply.....	108.4	107.0	104.8	93.0	91.9	(4.0)
Growth rate (%).....	(0.3)	(1.3)	(2.0)	(11.3)	(1.1)	

Note: All values in '000 units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

- In Negeri Sembilan, the number of completed residential properties has been declining at an AAGR of 4.7% from 2008 to 2012. However, the number of incoming supply has registered AAGR of 1.0% between 2008 and 2012.

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

4.1.3 Johor

Current Supply of Residential Properties in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Existing Stock.....	648.9	662.9	674.5	682.6	692.9	1.7
<i>Growth rate (%).....</i>	<i>107.6</i>	<i>2.1</i>	<i>1.8</i>	<i>1.2</i>	<i>1.5</i>	
Completed Units.....	16.6	13.7	12.5	8.1	10.3	(11.3)
<i>Growth rate (%).....</i>	<i>(23.4)</i>	<i>(17.1)</i>	<i>(9.0)</i>	<i>(35.4)</i>	<i>27.1</i>	

Note: All values in '000 units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

Future Supply of Residential Properties in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Incoming Supply.....	63.4	67.3	74.5	89.7	100.3	12.2
<i>Growth rate (%).....</i>	<i>(1.7)</i>	<i>6.2</i>	<i>10.8</i>	<i>20.3</i>	<i>11.9</i>	
Housing Starts.....	13.7	12.3	15.7	19.4	20.9	11.3
<i>Growth rate (%).....</i>	<i>2.4</i>	<i>(10.0)</i>	<i>27.3</i>	<i>23.7</i>	<i>8.0</i>	
Planned Supply.....	149.3	151.2	146.7	149.1	152.6	0.5
<i>Growth rate (%).....</i>	<i>2.5</i>	<i>1.3</i>	<i>(3.0)</i>	<i>1.6</i>	<i>2.3</i>	

Note: All values in '000 units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

- In the state of Johor, the number of completed residential properties has been declining at an AAGR of 11.3% from 2008 to 2012. However, the numbers of incoming supply, housing starts and planned supply have registered positive AAGR growth in the same period.

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

4.2 Supply – Commercial Properties

4.2.1 Malaysia

Current Supply of Shop Units in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Existing Stock.....	344.5	357.0	367.3	371.7	379.0	2.4
Growth rate (%).....	3.4	3.6	2.9	1.2	2.0	
Completed Units.....	20.5	9.0	8.1	6.4	7.3	(22.7)
Growth rate (%).....	93.2	(56.0)	(9.7)	(21.2)	14.1	

Note: All values in '000 units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

Future Supply of Shop Units in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Incoming Supply.....	49.3	47.9	47.6	51.1	59.0	4.6
Growth rate (%).....	9.3	(2.9)	(0.5)	7.3	15.4	
Shop Unit Starts.....	12.1	5.6	8.2	12.1	15.2	5.9
Growth rate (%).....	9.4	(53.7)	46.5	48.1	25.1	
Planned Supply.....	56.1	58.3	60.5	53.6	55.9	(0.1)
Growth rate (%).....	1.1	3.9	3.9	(11.5)	4.4	

Note: All values in '000 units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the number of incoming supply and shop unit starts has registered positive AAGR.
- However, the number of completed shop units in Malaysia has been declining at an AAGR of 22.7% during the same period. Nevertheless in 2012, the number of completed shop units in Malaysia grew by 14.1%.

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

4.2.2 Negeri Sembilan

Current Supply of Shop Units in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Existing Stock	17,955	18,105	18,139	16,814	17,148	(1.1)
Growth rate (%).....	1.8	0.8	0.2	(7.3)	2.0	
Completed Units	323	150	34	107	334	0.8
Growth rate (%).....	97.0	(53.6)	(77.3)	214.7	212.1	

Note: All values in units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

Future Supply of Shop Units in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Incoming Supply.....	3,338	3,238	3,310	3,205	3,917	4.1
Growth rate (%).....	(6.8)	(3.0)	2.2	(3.2)	22.2	
Shop Unit Starts	28	50	98	300	1,046	147.2
Growth rate (%).....	(71.1)	78.6	96.0	206.1	248.7	
Planned Supply	7,669	7,861	8,455	8,179	8,552	2.8
Growth rate (%).....	3.0	2.5	7.6	(3.3)	4.6	

Note: All values in units, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the number of completed shop units in Negeri Sembilan grew by an AAGR of 0.8%. In addition, the number of shop unit starts has registered a strong AAGR of 147.2% during the same period. In 2012, the number of shop unit starts grew by 248.7% to 1,046 units.

6. INDUSTRY OVERVIEW (Cont'd)


VITAL FACTOR CONSULTING

Creating Winning Business Solutions

4.2.3 Johor

Current Supply of Shop Units in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Existing Stock.....	64,310	65,956	67,229	67,704	68,574	1.6
Growth rate (%).....	2.7	2.6	1.9	0.7	1.3	
Completed Units.....	1,680	460	1,248	475	870	(15.2)
Growth rate (%).....	9.0	(72.6)	171.3	(61.9)	83.2	

Note: All values in units, except percentages.
(Source: Valuation and Property Services Department, Ministry of Finance)
Future Supply of Shop Units in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Incoming Supply.....	7,995	8,059	8,429	10,332	12,313	11.4
Growth rate (%).....	4.4	0.8	4.6	22.6	19.2	
Shop Unit Starts.....	1,930	1,202	1,482	2,606	2,851	10.2
Growth rate (%).....	(14.3)	(37.7)	23.3	75.8	9.4	
Planned Supply.....	14,772	14,102	14,169	14,881	14,136	(1.1)
Growth rate (%).....	(2.1)	(4.5)	0.5	5.0	(5.0)	

Note: All values in units, except percentages.
(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, growth in the number of completed units fluctuated widely with 2009 experiencing a large fall in line with the fall in Malaysia's GDP in the same year. In 2010, there was a surge in completed units to compensate for the slowdown in 2009. However, the number of completed units recorded a decline of 61.9% in 2011.
- Incoming supply and shop unit starts showed significant increase in 2011, and grew further in 2012.

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING

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5. SUPPLY DEPENDENCIES

5.1 Input Materials

- Building materials are the inputs for the building and construction sector that supports the property development industry. As such, the supply and cost of building materials have a direct impact on the property development industry.
- The main input building materials are as follows:
 - Cement (including Portland Cement and Asbestos Cement);
 - Concrete Products (including ready-mixed concrete, bricks, blocks, roofing tiles, piles, poles/posts, beams, and culverts);
 - Clay and Refractory Construction Materials (including refractory bricks, clay roofing tiles, ceramic wall and floor tiles, clay pipes, and ceramic sanitary ware);
 - Iron and Steel Products (including long products, flat rolled products, iron and steel bars and rods, and tubes and pipes, iron and steel angles, shapes and sections, hot rolled and cold rolled coil);
 - Non-Ferrous Metals (including aluminium extrusions for windows and doors, curtain walls, aluminium panels, and aluminium roofing);
 - Wood and Wood Products (including plywood, hardwood, veneer, particle board, block board, mouldings and builders' carpentry and joinery, and reconstituted wood based panel).

Local Production of Cement and Concrete Materials

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Cement ('000 tonnes).....	19,629	19,457	19,762	21,198	21,726	2.6
Growth rate (%).....	(10.4)	(0.9)	1.6	7.3	2.5	
Ready-mix concrete ('000 cu metre)	9,910	7,465	7,932	10,934	13,082	7.2
Growth rate (%).....	(4.7)	(24.7)	6.2	37.8	19.6	

(Source: Department of Statistics)

- Between 2008 and 2012, local production of cement increased at an AAGR of 2.6% while local production of ready-mix concrete increased at an AAGR of 7.2%.

6. INDUSTRY OVERVIEW (*Cont'd*)**VITAL FACTOR CONSULTING**

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Local Production of Clay and Refractory Construction Materials

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Earthen bricks (<i>million units</i>)	952	203	410	621	706	(7.2)
<i>Growth rate (%)</i>	4.1	(78.7)	102.2	51.4	13.8	
Ceramic tiles (<i>'000 sq metre</i>)	85,778	79,730	85,644	82,086	90,699	1.4
<i>Growth rate (%)</i>	(1.8)	(7.1)	7.4	(4.2)	10.5	

(Source: Department of Statistics)

- Between 2008 and 2012, local production of earthen bricks registered a negative AAGR of 7.2%. On the other hand, local production of ceramic tiles increased at an AAGR of 1.4% during the same period.

Local Production of Basic Iron and Steel Products

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
<i>Basic Iron and Steel Products</i> (<i>RM Million</i>)	28,431	16,408	19,638	22,094	23,272	(4.9)
<i>Growth rate (%)</i>	22.9	(42.3)	19.7	12.5	5.3	

(Source: Department of Statistics)

- Between 2008 and 2012, sales value for the manufacturing of basic iron and steel products declined at an AAGR of 4.9%.

Local Production of Non-Ferrous Metals

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Other basic precious and non-ferrous metals (<i>RM Million</i>)	7,611	4,243	5,941	6,886	6,166	(5.1)
<i>Growth rate (%)</i>	13.3	(44.2)	40.0	15.9	(10.5)	

(Source: Department of Statistics)

- Between 2008 and 2012, sales value for the manufacturing of other basic precious and non-ferrous metals declined at an AAGR of 5.1%.

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

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Local Production of Wood and Wood Products

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Plywood ('000 cu metres)	4,558	3,655	4,095	3,797	3,658	(5.3)
Growth rate (%)	(7.8)	(19.8)	12.0	(7.3)	(3.7)	
Veneer sheets ('000 cu metres)	948	754	1,017	912	872	(2.1)
Growth rate (%)	(19.4)	(20.5)	34.9	(10.3)	(4.5)	
Laminated board, particleboard and other panels and board (RM million)	1,831	1,561	1,669	1,901	1,845	0.2
Growth rate (%)	(6.4)	(14.7)	6.9	13.9	(2.9)	

(Source: Department of Statistics)

- Between 2008 and 2012, local production of wood and wood products have been in a downward trend with the exception of laminated board, particleboard and other panels and boards, which registered a slight increase in AAGR at 0.2%.

5.2 Property Development Industry

- One of the Property Development Industry's most critical supply dependencies is the availability of financial resources to carry out property development activities, including the purchase of land and the financing of building and construction activities. As such, access to loans is one the main supply dependencies required to sustain business activities in the Property Development Industry.

Loans to Construction Industry

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Total (RM Million)	34,592	36,554	38,476	39,928	44,153	6.3
Growth rate (%)	7.6	5.7	5.3	3.8	10.6	
Residential Property (RM Million)	7,520	9,076	8,383	7,979	9,397	5.7
Growth rate (%)	(4.5)	20.7	(7.6)	(4.8)	17.8	
Commercial Complexes (RM Million)	3,410	3,160	3,105	3,077	4,034	4.3
Growth rate (%)	(3.1)	(7.3)	(1.7)	(0.9)	31.1	

(Source: Valuation and Property Services Department, Ministry of Finance)

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
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- In Malaysia, the loans to the construction industry grew at an AAGR of 6.3% between 2008 and 2012. In 2012, the loans to the construction of residential property and commercial complexes represented 21.3% and 9.1% of the total loans to construction sector respectively.

6. DEMAND

6.1 Residential Property Sector

Residential Property Sector in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	41,304	41,848	50,654	61,832	67,762	13.2
Growth rate (%).....	13.2	1.3	21.0	22.1	9.6	
No of transactions	216,702	211,653	226,874	269,789	272,669	5.9
Growth rate (%).....	8.6	(2.3)	7.2	18.9	1.1	

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the value and number of residential property transactions have registered AAGR of 13.2% and 5.9% respectively. The growing demand for residential property will augur well for property developers in Malaysia.
- In 2012, the total value of residential property transactions accounted for 47.4% of all property transactions by value during the year. Thus, residential property transactions were the largest in terms of value.
- In 2012, the total volume of residential property transactions accounted for 63.8% of all property transactions by volume during the year.

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

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Residential Property Sector in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million).....	1,227	946	1,198	1,877	2,536	19.9
Growth rate (%).....	(9.8)	(22.9)	26.6	56.7	35.1	
No. of transactions	9,717	7,903	10,252	13,183	14,935	11.3
Growth rate (%).....	(8.4)	(18.7)	29.7	28.6	13.3	

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the value and number of residential property transactions in Negeri Sembilan have registered AAGR of 19.9% and 11.3% respectively.
- In 2012, the total value of residential property transactions in Negeri Sembilan accounted for 48.3% of all property transactions by value during the year. Thus, residential property transactions were the largest in terms of value.
- In 2012, the total volume of residential property transactions in Negeri Sembilan accounted for 64.4% of all property transactions by volume during the year.

Residential Property Sector in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million).....	3,209	3,837	4,481	5,084	5,688	15.4
Growth rate (%).....	(2.4)	19.6	16.8	13.5	11.9	
No of transactions	23,589	25,828	26,863	31,084	28,849	5.2
Growth rate (%).....	(1.6)	9.5	4.0	15.7	(7.2)	

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the value and number of residential property transactions in Johor have registered AAGR of 15.4% and 5.2% respectively.
- In 2012, the total value of residential property transactions in Johor accounted for 33.9% of all property transactions by value during the year. Thus, residential property transactions were the largest in terms of value.

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- In 2012, the total volume of residential property transactions in Johor accounted for 58.5% of all property transactions by volume during the year.
- The high value and volume of transactions for residential properties in Malaysia will stimulate the growth of property developers who focus on the development of residential properties.

6.2 Commercial Property Sector

Commercial Property Sector in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	16,616	16,389	23,840	27,636	27,792	13.7
Growth rate (%)	1.6	(1.4)	45.5	15.9	0.6	
No of transactions	31,749	33,338	39,798	43,674	41,082	6.7
Growth rate (%)	13.8	5.0	19.4	9.7	(5.9)	

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the value and number of commercial property transactions in Malaysia have registered AAGR of 13.7% and 6.7% respectively.
- The commercial property segment was the second largest contributor to the total value of property transactions in Malaysia. In 2012, the value of commercial property transactions amounted to RM27.8 billion, accounting for 19.5% of all property transactions during the period.

6. INDUSTRY OVERVIEW (Cont'd)



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Commercial Property Sector in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	475	477	787	1,016	966	19.4
Growth rate (%)	(1.9)	0.4	65.0	29.1	(4.9)	
No of transactions	1,601	1,520	1,941	2,311	2,410	10.8
Growth rate (%)	5.2	(5.1)	27.7	19.1	4.3	

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the value and number of commercial property transactions in Negeri Sembilan have registered AAGR of 19.4% and 10.8% respectively.
- In 2012, the value of commercial property transactions in Negeri Sembilan accounted for 18.4% of all property transactions during the period.

Commercial Property Sector in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	1,507	1,673	2,231	2,842	2,989	18.7
Growth rate (%)	(22.6)	11.0	33.4	27.4	5.2	
No of transactions	3,692	4,309	5,161	5,427	4,630	5.8
Growth rate (%)	(4.9)	16.7	19.8	5.2	(14.7)	

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the value and number of commercial property transactions in Johor have registered AAGR of 18.7% and 5.8% respectively.
- In 2012, the value of commercial property transactions in Johor accounted for 17.8% of all property transactions during the period.

6. INDUSTRY OVERVIEW (Cont'd)



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6.3 Development and Industrial Properties

Industrial Transactions in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	7,897	6,833	9,830	11,542	12,006	11.0
Growth rate (%)	11.5	(13.5)	43.9	17.4	4.0	
No of transactions	8,126	8,059	9,838	10,479	9,984	5.3
Growth rate (%)	2.6	(0.8)	22.1	6.5	(4.7)	

(Source: Valuation and Property Services Department, Ministry of Finance)

Development Transactions in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	14,009	7,589	11,611	17,978	20,955	10.6
Growth rate (%)	36.0	(45.8)	53.0	54.8	16.6	
No of transactions	14,702	15,664	18,922	21,713	23,029	11.9
Growth rate (%)	5.2	6.5	20.8	14.8	6.1	

(Source: Valuation and Property Services Department, Ministry of Finance)

- The value and number of transactions for industrial and development properties in Malaysia have registered strong growth rates in the last five years.

6. INDUSTRY OVERVIEW (Cont'd)

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Industrial Transactions in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	176	238	398	383	586	35.1
Growth rate (%)	(14.1)	35.2	67.2	(3.7)	52.9	
No of transactions	389	426	498	536	619	12.3
Growth rate (%)	(6.0)	9.5	16.9	7.6	15.5	

(Source: Valuation and Property Services Department, Ministry of Finance)

Development Transactions in Negeri Sembilan

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	243	189	318	436	437	15.8
Growth rate (%)	50.9	(22.2)	68.3	37.1	0.2	
No of transactions	453	455	681	770	814	15.8
Growth rate (%)	(0.4)	0.4	49.7	13.1	5.7	

(Source: Valuation and Property Services Department, Ministry of Finance)

- The value of transactions for industrial property in Negeri Sembilan has registered stronger AAGR growth as compared to the development property between 2008 and 2012.

Industrial Transactions in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	849	939	1,670	1,463	2,199	26.9
Growth rate (%)	(9.8)	10.6	77.8	(12.4)	50.2	
No of transactions	905	1,099	1,518	1,342	1,302	9.5
Growth rate (%)	(14.9)	21.4	38.1	(11.6)	(3.0)	

(Source: Valuation and Property Services Department, Ministry of Finance)

6. INDUSTRY OVERVIEW (Cont'd)



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Development Transactions in Johor

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Value of transactions (RM Million)	4,733	931	1,210	3,449	2,372	(15.9)
Growth rate (%).....	427.1	(80.3)	30.0	185.1	(31.2)	
No of transactions	1,816	1,558	1,996	2,850	2,859	12.0
Growth rate (%).....	6.0	(14.2)	28.1	42.8	0.3	

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the value of industrial property transactions in Johor grew by 26.9% while the number of industrial property transactions grew at an AAGR of 9.5%. During the same period, the value of development property transactions in Johor registered a negative AAGR of 15.9% despite a positive AAGR of 12.0% in the number of development property transactions.

7. DEMAND DEPENDENCIES

- Demand for property development in general is dependent on population growth particularly for residential properties as well as availability of loans to facilitate property investment and transactions.

7.1 Population

Population Size

	2010	2011	2012	AAGR 2010-12 (%)
Malaysia	28.59	28.96	29.34	1.3
- Negeri Sembilan.....	1.03	1.04	1.06	1.3
A- Johor.....	3.36	3.40	3.44	1.1

All units in million persons, except percentages. (Source: Department of Statistics)

- The continuing growth in the Malaysian population will drive demand for properties, particularly residential properties.

6. INDUSTRY OVERVIEW (Cont'd)

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7.2 Loans

- One of the most critical demand dependencies, especially for the residential property sector, is the amount of loans given to buyers. Availability of loans are predicated by many factors including the following from the lenders' perspective:
 - Liquidity in the market;
 - Financial institutions' internal leading policies;
 - Government policies;
 - Bank Negara Malaysia policies and guidelines.

Loans to Relevant Sectors in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Property Sector	318,817	352,603	405,870	469,913	541,885	14.2
<i>Growth rate (%)</i>	13.1	10.6	15.1	15.8	15.3	
Purchases of residential property	191,141	209,701	237,458	268,845	303,369	12.2
<i>Growth rate (%)</i>	10.4	9.7	13.2	13.2	12.8	
Purchases of non-residential property	66,541	73,954	90,738	109,964	131,375	18.5
<i>Growth rate (%)</i>	21.1	11.1	22.7	21.2	19.5	

Note: All units are in RM million, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

Loans for the Purchase of Residential Property in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Low medium-cost	10,377	10,045	9,565	8,996	8,758	(4.2)
<i>Growth rate (%)</i>	(4.1)	(3.2)	(4.8)	(5.9)	(2.6)	
Medium-cost	21,704	20,979	20,490	19,828	19,197	(3.0)
<i>Growth rate (%)</i>	(2.3)	(3.3)	(2.3)	(3.2)	(3.2)	
Higher medium-cost	28,593	30,085	30,812	31,080	30,935	2.0
<i>Growth rate (%)</i>	2.2	5.2	2.4	0.9	(0.5)	
High-cost	129,277	147,540	175,022	206,674	241,034	16.9
<i>Growth rate (%)</i>	16.7	14.1	18.6	18.1	16.6	

Note: All units are in RM million, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, loans for the purchases of low medium and medium-cost residential properties have declined. However, the loans for the purchases of higher medium and high-cost residential properties have increased.

6. INDUSTRY OVERVIEW (Cont'd)



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Loans for the Purchase of Non-Residential Property in Malaysia

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Land	13,520	14,164	18,271	23,936	28,172	20.1
<i>Growth rate (%)</i>	32.6	4.8	29.0	31.0	17.7	
Shops.....	28,602	32,464	38,574	44,655	51,915	16.1
<i>Growth rate (%)</i>	15.9	13.5	18.8	15.8	16.3	

Note: All units in RM million, except percentages.

(Source: Valuation and Property Services Department, Ministry of Finance)

- Between 2008 and 2012, the loans to purchase land and shops in Malaysia have registered strong AAGR of 20.1% and 16.1% respectively.
- The continuing growth in the loans for the purchase of residential and commercial properties will continue to support demand for such properties, and sustaining property developers who are developing these types of properties.

8. COMPETITIVE ANALYSIS

8.1 Nature of Competition in the Industry

- The competitive nature of the Property Development Industry within the residential sector can be segmented into two categories:
 - Government Mandated Low-Cost Housing;
 - Non-Government Mandated Housing.
- Government mandated low-cost housing is not subjected to competitive forces, but is regarded as Universal Service Obligations required of property developers.
- Development of non-government mandated housing is subjected to **normal competitive conditions**.

6. INDUSTRY OVERVIEW (Cont'd)



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- Development of non-residential properties is also subjected to **normal competitive conditions**.
- The competition in the Property Development Industry is predicated by the number of players in the industry:
 - As at 28 February 2013, the Real Estate and Housing Developers' Association of Malaysia had approximately 1,000 members, most of which were property developers.
 - In 2010, there were 22,140 establishments in the construction industry of which:
 - 3,989 were in Residential Construction;
 - 4,970 were in Non-residential Construction.

(Source: Department of Statistics)

8.2 Factors of Competition

- As with most free enterprise environments, competition among non-government mandated housing is based on a number of factors, including, among others:
 - Location;
 - Quality of development;
 - Track record and reputation of developer;
 - Branding.

Location

- Location is a key factor of competition. Properties located in growth areas, close to amenities and are highly sought after would be in greater demand and would normally command higher pricing.

Quality of Development

- The quality of development is an important factor of competition. Quality also affects the reputation of developers, which may have an impact on the take-up rates of their future developments. In addition, buyers also seek properties where their quality commensurate with pricing. As such, quality of development is important for developers to command higher prices to enhance profits.

Track Record and Reputation of Developer

- A developer with a proven track record and established reputation provides confidence to buyers on the quality of its developments as well as the confidence that its developments will be completed in a timely manner. In addition, track record and reputation are also beneficial for property developers in building up reference sites.

6. INDUSTRY OVERVIEW (Cont'd)



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Branding

- With a large number of property developers in Malaysia, branding is important for property developers to differentiate themselves from competitors and to create awareness among buyers. In addition, a strong brand name creates a direct positive impact on the properties.

8.3 Operators in the Industry

- As at 28 February 2013, there were approximately 50 and 110 property developers in Negeri Sembilan and Johor respectively that are registered with the Real Estate and Housing Developers' Association of Malaysia. However, there are many other property developers in Negeri Sembilan and Johor that are not registered with the Association, and these are mainly smaller operators or opportunistic operators that may develop small-scale properties on an ad-hoc basis.
- Competition within the Property Development Industry in Malaysia occurs in various forms. Among others, these include different sectors of property development such as residential, commercial, industrial, agricultural, development land and leisure. Within the residential and commercial sectors, there are various areas of competition in terms of size, price range and types of properties, such as condominiums, terraced houses and bungalows for residential properties. As for commercial properties, there are shop offices, multipurpose offices and shopping complexes.
- For residential property development, there are many players competing in this sector. In addition, some of them may also undertake other related and non-related activities. Some of these activities related to property development may include, among others, in-house engineering and architectural design, building and construction, interior design as well as property management.
- As at 28 February 2013, some of the players involved in residential property development in Negeri Sembilan include the following (listed in alphabetically order):
 - Bagan Pinang Development Sdn Bhd;
 - Dataran Segar Sdn Bhd;
 - GD Development Sdn Bhd;
 - GUH Properties Sdn Bhd (*subsidiary of GUH Holdings Bhd*);
 - IJM Land Berhad;
 - KCC Development (M) Sdn Bhd;
 - Labuhills Properties Sdn Bhd;
 - **Matrix Concepts Group**;
 - Mega 3 Housing Sdn Bhd;
 - Nilai Resources Group Sdn Bhd;
 - Seri Pajam Development Sdn Bhd;
 - Seriemas Development Sdn Berhad (*holding company is PNB Development Sdn Bhd, which is a subsidiary of Permodalan Nasional Berhad*);

6. INDUSTRY OVERVIEW (*Cont'd*)**VITAL FACTOR CONSULTING**

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- Sime Darby Group;
- Sunrise MCL Land Sdn Bhd;
- TH Properties Sdn Bhd (*subsidiary of Lembaga Tabung Haji*).

Note: This is not an exhaustive list.

(Source: Vital Factor Consulting Sdn Bhd)

- As at 28 February 2013, some of the players involved in residential property development in Johor include the following (listed in alphabetically order):
 - BCB Bhd;
 - Bandar Raya Developments Bhd;
 - Berinda Properties Group;
 - Binaik Equity Bhd;
 - Country View Bhd;
 - Crescendo Corporation Bhd;
 - Daiman Development Bhd;
 - Danga Bay Sdn Bhd;
 - Uniphoenix Jaya Sdn Bhd (*subsidiary of Fiamma Holdings Bhd*);
 - Focal Aims Holdings Bhd;
 - Glomac Bhd;
 - Horizon Hills Development Sdn Bhd;
 - Hua Yang Bhd;
 - IJM Land Bhd;
 - IOI Properties Bhd;
 - Johor Land Bhd;
 - KCC Development (M) Sdn Bhd;
 - KSL Holdings Bhd;
 - Mah Sing Group Bhd;
 - Mahabuilders Bhd;
 - Malaysia Land Properties Sdn Bhd;
 - **Matrix Concepts Group**;
 - Melati Ehsan Holdings Bhd;
 - Mulpha International Bhd;
 - Plenitude Bhd;
 - S P Setia Bhd;
 - Scientex Bhd;
 - Scudai Development Sdn Bhd;
 - Southern Gateway (M) Sdn Bhd;
 - Tanah Sutera Development Sdn Bhd;
 - UEM Land Holdings Bhd;
 - United Malayan Land Bhd.

Note: This is not an exhaustive list.

(Source: Vital Factor Consulting Sdn Bhd)

6. INDUSTRY OVERVIEW (Cont'd)



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9. GOVERNMENT REGULATIONS

9.1 Different Levels of Government

- The Property Development Industry is regulated at 3 levels of authority:
 - Federal Government;
 - State Government;
 - Local Government.
- The Federal Government regulates on matters such as:
 - control and licensing of developers;
 - protection of environment;
 - formulation of national housing policy;
 - control of foreign investment.
- The State Government has sole jurisdiction over land matters covering
 - issuance of titles;
 - conversion;
 - amalgamation and subdivision;
 - imposition of conditions for foreign ownership of property.
- The Local Government administers all aspects of:
 - building plans approval;
 - building inspection; and
 - provides maintenance service of infrastructure such as roads and street lighting, refuse disposal, etc.
- The principal submitting person (PSP) of a building plan, a professional architect, engineer or building draftsman of the project, is responsible for the issuance of the certificate of completion and compliance (CCC). However, the Local Government may inspect the building site at any time and has the authority to issue written notice to PSP to rectify any non-compliance or withhold the issuance of CCC until such non-compliance is rectified.
- Before starting any project, the developer is required to obtain the following license and permit from the Ministry of Housing and Local Government:
 - Housing Developer Licence;
 - Advertisement and Sales Permit.

9.2 Low Cost Housing Policy

- Since 1982, the Malaysian government has imposed a 30% quota for low cost housing as a social obligation by developers to complement the efforts of the government to provide affordable housing for all. However, the policy varies across states and is governed by the relevant state government and local authorities.

6. INDUSTRY OVERVIEW (Cont'd)



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9.2.1 Negeri Sembilan

- In Negeri Sembilan, housing developers are required to provide low cost housing as follows:
 - For projects on private land with development area of more than five acres, at least 30% of the total number of units developed has to be low-cost;
 - For projects on private land with development area of less than five acres, at least 10% of the total number of units developed has to be low-cost single storey house with a minimum area of 20' x 60' for each unit.
- However, application for reduction or exemption from the low cost housing policy will only be approved on a case-by-case basis. If the application is approved, the payment for the relevant reduction or exemption are as follows:
 - For projects approved before 21 June 2006, developers have to pay RM5,000 for each unit that are exempted;
 - For projects approved after 21 June 2006, developers have to pay RM500 per unit multiplied by the number of units of the development.

(Source: Negeri Sembilan State Secretariat Office)

9.2.2 Johor

- In Johor, housing developers are required to provide low cost housing as follows:
 - For projects with development area of more than five acres, 40% of the number of units have to be low-cost;
 - For projects with development area between three and five acres, 20% of the number of units have to be low-cost;
 - For projects with development area of less than three acres, they are exempted from the low-cost housing policy.

6. INDUSTRY OVERVIEW (Cont'd)

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- In addition, the housing composition and price controls are different between Johor Bahru City Council (MBJB) and other Local Authorities (PBT), which are as follows:

Category	Price Control (RM)	Composition	
		MBJB ⁽¹⁾ (%)	Other PBT ⁽²⁾ (%)
House – Low Cost	According to the set price	50	30
House - Medium Low Cost	< RM50,000	20	30
House - Medium Low Cost	< RM80,000	20	30
Shop – Medium Low Cost	< RM150,000	10	10

(1) Applies to development in Johor Bahru city only; (2) Applies to development in Johor, but outside Johor Bahru city. (Source: Johor State Government)

- The prices of low cost housing are also controlled, which are as follows:

Category	Floor Area (sq ft)	Sales Price (RM)
Within Johor Bahru District	680	35,000
Within Muar, Batu Pahat, Kluang, Segamat, Pontian, Kota Tinggi and Mersing District	680	30,000
Small cities/towns within Muar, Batu Pahat, Kluang, Segamat, Pontian, Kota Tinggi and Mersing District	680	28,000
All Districts where developers are approved with Planning Permission (SBKS) for 500 units and above, the Low Cost Housing is required to be 10% of the development	680	25,000

Notes: SBKS = Surrender and Re-alienation (Source: Ministry of Housing and Local Government and Johor State Government)

9.3 Housing Developer Licence

- According to the Housing Development (Control and Licensing) Act 1966, any housing development undertaken by a housing developer must possess a licence issued by the Ministry of Housing and Local Development.

9.4 Advertisement and Sale Permit

- According to the Housing Development (Control and Licensing) Regulations 1989, any advertisement or sale made by a licensed housing developer requires an advertisement and sale permit issued by the Ministry of Housing and Local Development.

6. INDUSTRY OVERVIEW (Cont'd)



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9.5 Registration of Contractors - CIDB

- Under the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, it is mandatory for all builders, contractors and sub-contractors, whether local or foreign, to register with the Construction Industry Development Board (CIDB), before undertaking or executing any construction work in Malaysia.
- The Certification of Registration issued by the CIDB is valid for a minimum period of 1 year and a maximum term not exceeding 3 years, unless cancelled, suspended or revoked earlier by CIDB.
- There are three categories of registration as follows:
 - Building Construction;
 - Civil Engineering Construction;
 - Mechanical and Electrical.
- The scope of registration is further classified into seven grades and is differentiated by their respective tender capacities:

Grade	Tender Capacity (RM)
G1	Not exceeding 200,000
G2	Not exceeding 500,000
G3	Not exceeding 1 million
G4	Not exceeding 3 million
G5	Not exceeding 5 million
G6	Not exceeding 10 million
G7	No limit

(Source: Construction Industry Development Board)

9.6 Participation in Government Projects

- It is compulsory for any company intending to participate in Government projects as a contractor of works to be registered with the Contractor Services Centre (PKK), which falls under the purview of the Ministry of Works, and CIDB. Registration for contractor of works, construction and electrical contractors are registered separately.

(Source: Ministry of Finance)

9.7 Government Incentives

- There are no specific incentives relating to the Property Development Industry.

6. INDUSTRY OVERVIEW (*Cont'd*)



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9.8 Environmental Regulations

- Under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987, housing development covering an area of 50 hectares or more is required by the Department of Environment to carry out an Environmental Impact Assessment (EIA) study, which has to be submitted to the Department of Environment for approval.
- This ensures that efforts are made to adequately address environmental concerns. It also ensures that environmental factors are given due consideration by integrating environmental aspects into local plans.

10. BARRIERS TO ENTRY

10.1 Government Policies

- With the exception of various Government approvals, permits and licences for all acquisitions, development and sale of land and properties, there are no material barriers or impediments to any individual or organisation to develop properties.
- In addition, operators who are involved in the building and construction as part of Property Development activities also have to register with the CIDB.

10.2 Capital Cost

- Generally, the capital set-up cost can be segmented into two categories.

Category 1

- At its basic, this group of property developers undertake joint-ventures with land owners, who in return will normally be entitled to some of the developed properties or share in the proceeds of the sales.
- The property developers in this category would normally sell properties 'off the plan' to obtain working capital for construction.
- Construction can be outsourced to third parties on a full turnkey basis. Therefore initial outlay to develop any property can be low.
- As such, the barrier to entry in terms of capital cost is low for this category of property developers.

Category 2

- This category of property developers is normally larger and more established organisations. They would normally purchase the land prior to selling off the plan or construction. As such, the capital requirements are significantly higher depending on the value of the land.

6. INDUSTRY OVERVIEW (Cont'd)



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- In addition, it is common for this group of property developers to purchase land bank for future developments when timing is deemed to be appropriate to maximise profits. This further increases the requirements for capital.
- Thus, the barrier to entry in terms of capital cost is high for this category of property developers.

10.3 Track Record

- Track record and reputation also form one of the barriers to entry for new entrants. A proven track record is required to demonstrate that the property developer has the ability to develop quality properties.
- Track record also provides confidence to potential buyers that the developer is able to complete projects on time. This aspect of buyer confidence is important as there are cases of developers abandoning projects where buyers have very little recourse to recover their initial payments.
- In addition, the reputation of the property developer is important in ensuring fast sales.

10.4 Land

- Most land may be purchased at the right price based on a 'willing buyer willing seller' basis. Since there is no scarcity of land, any individual can purchase land to develop property.
- Thus, land may be purchased easily for property development, which forms a relatively low barrier to entry. However, barriers to entry start to escalate for larger and/or more expensive land, especially for land located in major built-up areas or in prime locations.

11. THREAT OF SUBSTITUTES

- There are no practical substitutes for residential and commercial properties:
 - **Residential:** While there are no practical substitutes for residential housing, there are choices of different types of properties such as low-cost houses or flats, medium-cost terrace houses and higher-end properties like condominiums, semi-detached or bungalow houses.
 - **Commercial:** While there are no practical substitutes for commercial properties, there are choices of different types of commercial properties such as purpose-built offices, shop houses or shop offices and higher-end shops or shopping complexes. In addition, in a very small number of cases, residential homes are converted into small offices, workshops or showrooms.

6. INDUSTRY OVERVIEW (Cont'd)



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12. RELIANCE ON AND VULNERABILITY TO IMPORTS

- As building materials are key inputs for construction of buildings, structures and infrastructures, their supply will affect property developers.
- Generally, major raw materials used in property development such as piles, tiles, iron and steel materials, and cement and concrete materials are widely available locally and overseas.
- Most of the bulky and basic raw materials like iron and steel materials, earth, sand, bricks, roofing tiles and cement are locally available. As such, developers are normally not vulnerable to imports as most common materials are available locally, and if not, there are many alternative sources of supply overseas.

13. INDUSTRY PROSPECTS AND OUTLOOK IN MALAYSIA

- The outlook of the Property Development Industry in Malaysia is generally dependent on the performance of the following:
 - Malaysian economy and the construction sector;
 - Performance of the property sector;
 - Malaysian Government's initiatives;
 - Policies for housing loans;
 - Population growth.

13.1 Malaysian Economy and the Construction Sector

- A growing economy provides the impetus for private and public spending, which will have a positive flow-on effect to the Property Development Industry.
 - Between 2008 and 2012, real GDP of the Malaysian economy grew by an AAGR of 4.0%;
 - In 2012, the Malaysian economy registered a real GDP growth of 5.6%. In 2013, the Malaysian economy is expected to grow between 5.0% and 6.0%.

(Source: Bank Negara Malaysia)

6. INDUSTRY OVERVIEW (Cont'd)

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- The performance of the construction industry in the recent years are as follows:

Performance of the Construction Industry

	2008	2009	2010	2011	2012	AAGR 2008-12 (%)
Nominal GDP of Construction Industry*	21,156	23,187	25,893	28,306	34,862	13.3
Real GDP Growth of Construction Industry (%)	4.4	6.2	6.0	4.6	18.5	8.7

*Units in RM million. (Source: Bank Negara Malaysia)

- The construction industry in Malaysia showed robust growth with the nominal GDP of the construction industry growing at an AAGR of 13.3% between 2008 and 2012.
- In 2013, the real GDP of the construction industry in Malaysia is expected to grow by 15.9%.

(Source: Bank Negara Malaysia)

- The continuing growth in the Malaysian economy and in the construction sector in particular will augur well for operators within the Property Development Industry in Malaysia.

13.2 Performance of the Property Sector

- The performances of the property sector in Malaysia in recent years provide some indications on the Property Development Industry, which are as follows:

AAGR of Property Transactions Sales Value and Volume between 2008 and 2012

	Sales Value (%)	Volume (%)
Malaysia	12.8	5.9

(Source: Valuation and Property Services Department, Ministry of Finance)

6. INDUSTRY OVERVIEW (*Cont'd*)**VITAL FACTOR CONSULTING**

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Malaysia - Growth Rate in 2012

	2012	
	Planned Supply (%)	Incoming Supply (%)
Residential Units	0.6	11.9
Shop Units.....	4.4	15.4
Industrial Units.....	6.5	10.2
Space in Shopping Complexes...	(10.8)	(19.8)
Space in Purpose-Built Offices ...	(15.7)	(14.0)

(Source: Valuation and Property Services Department, Ministry of Finance)

- In 2012, the number of new sales and advertising permits for properties in Malaysia grew by 11.9% to reach 1,387 permits. The increase in the number of new sales and advertising permits indicates increased building activities;
- In 2012, there were 235,249 housing approvals in Malaysia representing a growth of 47.4% compared to 2011. The increase in the number of housing approvals indicates increased building activities.

(Source: Bank Negara Malaysia)

13.3 Government Initiatives

- The various initiatives undertaken by the Malaysian Government would also benefit operators in the Property Development Industry. These initiatives are listed as follows:
 - On-going development of the five regional economic corridors signals a potential growth in the economy and the property market in these regions: Iskandar Malaysia, Northern Corridor Economic Region, East Coast Economic Region, Sabah Development Corridor and Sarawak Corridor.
 - The Government had launched the My First Home Scheme programme under the 2012 Budget to help young adults with earnings below RM3,000 per month to purchase their first home. Subsequently in the 2013 Budget, the Government announced that the income limit would be raised to RM5,000 per month for individual loans and RM10,000 per month for joint loans of husband and wife. Home buyers under this programme are allowed to obtain 100% financing loan from financial institutions and they do not have to pay a 10% down payment. In the 2012 Budget, the maximum property value allowed under the scheme had been increased from RM220,000 to RM400,000 effective from 1 January 2012.

6. INDUSTRY OVERVIEW (Cont'd)



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- In 2013, a total of 80,000 houses will be built in major locations in Malaysia, including Seremban, Johor Bahru, Kuala Lumpur, Shah Alam and Kuantan, via the 1Malaysia People's Housing Programme (PR1MA). In addition, a Housing Facilitation Fund amounting to RM500 million will be provided by Perumahan Rakyat 1Malaysia (PR1MA) Berhad to build houses in collaboration with private housing developers.

(Sources: Performance Management and Delivery Unit (PEMANDU), 2012 Budget and 2013 Budget)

13.4 Policies for Housing Loans

- In November 2010, Bank Negara Malaysia announced the implementation of the maximum loan-to-value (LTV) ratio of 70% on the third housing loan onwards for individuals. However, financing facilities for first and second house are not affected by this new policy. This new policy is implemented to prevent speculative activity and to moderate excessive investment in residential property.
- In addition, from 1 January 2012 onwards, financial institutions are required to assess borrower's net income and debt obligations before approval.

(Source: Bank Negara Malaysia)

- These loan policies with tighter borrowing guidelines may have an impact on the Property Development Industry.

13.5 Population Growth

- Population growth will drive the demand for new property development projects, particularly residential projects.
- Between 2010 and 2012, the population of Malaysia increased at an AAGR of 1.3% to reach 29.3 million people based on estimated figures.

(Source: Department of Statistics)

14. INDUSTRY PROSPECTS AND OUTLOOK IN NEGERI SEMBILAN

- The outlook of the Property Development Industry in Negeri Sembilan is generally dependent on the performance of the following:
 - Negeri Sembilan's economy and the construction sector;
 - Performance of the property sector;
 - Malaysian Government's initiatives;
 - Population growth;
 - Synergistic growth led by surrounding developments.

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

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14.1 Economy and the Construction Sector of Negeri Sembilan

- A state that experiences economic expansion will provide the impetus for private and public spending, which will have a positive flow-on effect to the Property Development Industry in Negeri Sembilan.
 - Between 2006 and 2010, real GDP of Negeri Sembilan grew at an AAGR of 4.1%;
 - In 2012, the economy in Negeri Sembilan is expected to grow by 7.4%.

(Sources: Economic Planning Unit, Prime Minister's Department)

- The performance of the Construction Industry in Negeri Sembilan in recent years were as follows:

Performance of the Construction Industry in Negeri Sembilan

	2006	2007	2008	2009	2010	AAGR 2006-10 (%)
Real GDP Growth of Construction Industry (%).....	(1.9)	7.6	13.1	9.1	7.1	9.2

(Sources: Economic Planning Unit, Prime Minister's Department)

- The construction industry in Negeri Sembilan showed robust growth with real GDP of the construction industry growing at an AAGR of 9.2% between 2006 and 2010.
- Between 2011 and 2015, the real GDP of the construction industry in Negeri Sembilan is forecasted to grow at an AAGR of 4.0%.

(Sources: Economic Planning Unit, Prime Minister's Department)

- The continuing growth in the economy and construction sector of Negeri Sembilan will augur well for operators within the Property Development Industry in Negeri Sembilan.

6. INDUSTRY OVERVIEW (Cont'd)



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14.2 Performance of the Property Sector

- The performances of the property sector in Negeri Sembilan in recent years provide some indications on the Property Development Industry, which are as follows:

**AAGR of Property Transactions Sales Value and
Volume between 2008 and 2012**

	Sales Value (%)	Volume (%)
Negeri Sembilan...	18.7	9.8

*(Source: Valuation and Property Services Department,
Ministry of Finance)*

Negeri Sembilan - Growth Rate in 2012

	2012	
	Planned Supply (%)	Incoming Supply (%)
Residential Units	(1.1)	5.6
Shop Units.....	4.6	22.2
Industrial Units.....	(0.3)	0.8
Space in Shopping Complexes...	(28.3)	55.2
Space in Purpose-Built Offices ...	(6.8)	135.9

(Source: Valuation and Property Services Department, Ministry of Finance)

14.3 Government Initiatives

- Various initiatives undertaken by the Malaysian Government in Negeri Sembilan would also benefit operators in the Property Development Industry. These initiatives are as follows:
 - Under the Second Rolling Plan (RP2), the Gemas-Johor Bahru double tracking rail project will be developed. A developed infrastructure network will enhance the socio-economic status of the respective vicinity.
 - The Educuity@KLEC (Kuala Lumpur Education City) will be developed in Negeri Sembilan and Klang Valley to establish Malaysia as a regional hub for higher education. Some of the initiatives located in KLEC include the setting up of Epsom College, Asia International Skills Academy and Cambridge Judge Business School.

(Source: PEMANDU)

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING

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14.4 Population Growth

- Between 2010 and 2012, the population of Negeri Sembilan increased at an AAGR of 1.3%.
- In 2012, Negeri Sembilan had a population of 1.06 million, which was the 12th largest population out of 16 states and territories* in Malaysia.

*Note: *The population of Selangor includes Wilayah Persekutuan Putrajaya.*

(Source: Department of Statistics)

14.5 Synergistic Growth led by Surrounding Developments

- Large-scale projects within close proximity to a property development site will provide flow-on benefits and enable synergistic growth to the properties developed. Some of the major developments in Negeri Sembilan are provided below.

- **Bandar Sri Sendayan** is a new integrated township located on a 5,233-acre plot of land in Seremban, Negeri Sembilan. As an integrated township, Bandar Sri Sendayan comprises a mixed development of residential, commercial, industrial, leisure and institutional properties as well as government and agriculture properties and undeveloped land.

In addition, within Bandar Sri Sendayan township, there will be schools and kindergarten, police station and beat houses for police taskforce patrol services, fire department, petrol station, mosque and surau, supermarket and shopping centres, medical centre and health clinic, multi-purpose hall, a 26-acre green park as well as clubhouse with various sporting and recreation facilities as well as pedestrian-friendly walkways and pavements, landscaping, fibre-optic backbone to cater for high speed broadband as well as access roads linked to highways and surrounding areas.

- **Bandar Enstek** is an integrated development with residential areas, industrial hub, commercial hub and institutional zones. Among others, it incorporates the MedicalCity@enstek to establish a biotechnology development centre including university hospital, medical health research centre, medical complex, commercial centre, convention centre and student hostels. In addition, techpark@enstek is expected to become a world-class industrial hub, focusing on the specialised fields of Biotechnology, Advanced Manufacturing Technology and Information and Communication Technology industries. To complement techpark@enstek, a complete logistic facility namely logispark@enstek is being established to provide integrated logistics solutions.

6. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING

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- **Oakland Commercial Centre and Industrial Park** comprise commercial and industrial areas. Various businesses as well as international companies from United States and Japan set-up their tobacco processing facility and cultured drink manufacturing facility in these areas. Public amenities such as a hospital and hypermarket as well as highways are located close to the Oakland Commercial Centre and Industrial Park.
- **Bandar Ainsdale** is an affordable housing area for the 1Malaysia Housing Programme. The township will incorporate residential and commercial developments as well as a proposed train station to serve as its public transportation terminal.
- **Seremban 2** is a township comprising residential communities, several schools, a 15-acre city lake park, a sports complex, a modern shopping centre and commercial business parks. It is also home to the state government and local authorities.
- **S2 Heights** is an extension of Seremban 2 which comprises mainly residential properties as well as a 6.6 acre linear park for social, community and recreational activities.
- Some of the nearby **industrial areas** include Tuanku Jaafar Industrial Park, Senawang Industrial Park and Nilai Industrial Estate. These industrial areas are home to various international companies and conglomerates from South Korea, United Kingdom, United States, Switzerland, Netherlands, India and Japan. These companies are mainly involved in the manufacturing of electronic and electrical products and components, manufacturing of machinery, processing of food products, manufacturing of polyester products as well as manufacturing of adhesive, abrasive, laminates, dental, medical and car care products.
- All these existing, on-going and new developments and townships will provide flow-on benefits to each other, and at the same time create critical mass to spur local economic growth to encourage business and industrial investments, as well as residential living in Negeri Sembilan.

15. INDUSTRY PROSPECTS AND OUTLOOK IN JOHOR

- The outlook of the Property Development Industry in Johor is generally dependent on the performance of the following:
 - Johor's economy and the construction sector;
 - Performance of the property sector;
 - Malaysian Government's initiatives;
 - Population growth;
 - Synergistic growth led by surrounding developments.

6. INDUSTRY OVERVIEW (*Cont'd*)**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

15.1 Economy and the Construction Sector of Johor

- A growing state economy provides the impetus for private and public spending, which will have a positive flow-on effect to the Property Development Industry in Johor.
 - Between 2006 and 2010, real GDP of Johor grew at an AAGR of 3.4%;
 - In 2012, the economy in Johor is expected to grow by 6.4%.

(Sources: Economic Planning Unit, Prime Minister's Department)

- The performance of the Construction Industry in Johor in recent years are as follows:

Performance of the Construction Industry in Johor

	2006	2007	2008	2009	2010	AAGR 2006-10 (%)
Real GDP Growth of Construction Industry (%).....	(5.7)	(0.1)	0.9	13.5	7.7	5.4

(Sources: Economic Planning Unit, Prime Minister's Department)

- The construction industry in Johor showed robust growth with the real GDP of the construction industry growing at an AAGR of 5.4% between 2006 and 2010.
- Between 2011 and 2015, the real GDP of the construction industry in Johor is forecasted to grow at an AAGR of 4.1%.

(Sources: Economic Planning Unit, Prime Minister's Department)

- The continuing growth in the economy and construction sector of Johor will augur well for operators within the Property Development Industry in Johor.

15.2 Performance of the Property Sector

- The performances of the property sector in Johor in recent years provide some indications on the Property Development Industry, which are as follows:

AAGR of Property Transactions Sales Value and Volume between 2008 and 2012

	Sales Value (%)	Volume (%)
Johor.....	8.9	4.1

(Source: Valuation and Property Services Department, Ministry of Finance)

6. INDUSTRY OVERVIEW (Cont'd)

**VITAL FACTOR CONSULTING**

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Johor - Growth Rate in 2012

	2012	
	Planned Supply (%)	Incoming Supply (%)
Residential Units	2.3	11.9
Shop Units.....	(5.0)	19.2
Industrial Units.....	2.8	25.2
Space in Shopping Complexes...	0.0	(51.8)
Space in Purpose-Built Offices ...	-	(0.8)

*(Source: Valuation and Property Services Department, Ministry of Finance)***15.3 Government Initiatives**

- Some of the government initiatives include developments in Johor:
 - Construction of Johor Bahru-Nusa Jaya coastal highway;
 - Flood Mitigation Plan (RTB) will be implemented. The project costing RM1 billion will improve the infrastructure for flood prevention in several states, including Johor. In Johor, RTB projects will be implemented in the town and Sungai Segamat;
 - Development of the electrified double-track railway project from Johor Bahru to Padang Besar in Perlis.

(Sources: 2012 Budget and Tenth Malaysia Plan)

- The improved infrastructure under these government initiatives will benefit operators in the Property Development Industry in Johor.

15.4 Population Growth

- Between 2010 and 2012, the population of Johor increased at an AAGR of 1.1%.
- In 2012, Johor had a population of 3.44 million, which was the second largest population out of 16 states and territories* in Malaysia.

*Note: *The population of Selangor includes Wilayah Persekutuan Putrajaya.**(Source: Department of Statistics)*

- The growing population will provide growth opportunities to the Property Development Industry in Johor.

6. INDUSTRY OVERVIEW (Cont'd)



15.5 Synergistic Growth led by Surrounding Developments

- Five flagship zones have been identified as the key development areas in Iskandar Malaysia. The economic growth in the following zones are targeted to be strengthened and diversified:

Flagship Zone	Area	Selected Key Developments
A	Johor Bahru City Centre	<ul style="list-style-type: none"> - New financial district - Danga Bay Integrated Waterfront City - Upgrading of CBD - Austin Hill Development
B	Nusajaya and Medini	<ul style="list-style-type: none"> - Johor New State's Admin Centre - EduCity - Afiat Healthpark - International Destination Resort - Southern Industrial Logistic Clusters
C	Western Gate Development	<ul style="list-style-type: none"> - Port of Tanjung Pelepas - RAMSAR World Heritage Park - Second Link Access - Tanjung Piai
D	Eastern Gate Development	<ul style="list-style-type: none"> - Tanjung Langsat Industrial Park - Pasir Gudang Port - Tanjung Langsat Port
E	Senai-Skudai	<ul style="list-style-type: none"> - Senai International Airport - Senai Cargo Hub - Kulai MSC Cyberport - Universiti Teknologi Malaysia - Senai Hi-Tech Park

(Source: Iskandar Regional Development Authority)

- Under the Comprehensive Development Plan 2006 – 2025 for South Johor Economic Region (now known as Iskandar Malaysia), a few industries were identified as the main economic pillars where local and foreign direct investment are targeted to increase in order to achieve stable long term economic growth:
 - Electrical and electronics;
 - Petrochemicals and oleo chemicals;
 - Food and agro processing;
 - Logistics and related services;
 - Tourism;
 - Health services;
 - Educational services;
 - Financial services;
 - Creative and ICT industries.

6. INDUSTRY OVERVIEW (Cont'd)



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- For the education sector, EduCity in Iskandar Malaysia is developed to position Malaysia as a world-class education destination. Some of the universities in EduCity Iskandar include Newcastle University Medical Malaysia, Netherlands Maritime Institute of Technology and Raffles University Iskandar.
- The development of these industries will increase the population and commercial activities in Johor and thus increasing the demand for properties in Johor.

(Source: Iskandar Regional Development Authority and Comprehensive Development Plan 2006 – 2025 for South Johor Economic Region, Khazanah Nasional Berhad)

16. DRIVERS OF GROWTH

- Some of the drivers of growth for the Property Development Industry are:
 - **Socio-economic growth** such as Gross Domestic Product growth and population growth will increasingly boost the requirements for housing and ultimately increase the demand for property development. In addition, it will also drive commercial activities to increase demand for commercial properties.
 - **Increasing affluence** of consumers as reflected in the increase in Gross National Product per capita and disposal income, which will increase affordability and stimulate the demand for the purchase of properties.
 - **Government spending on the residential housing sector** as reflected in the Tenth Malaysia Plan will continue to provide opportunities for operators in the Property Development Industry.
 - **Low interest rate for property buyers** will enable more people to be able to buy residential properties.
 - **Government spending on development of infrastructures** such as new highways and transportation links will attract development of residential and commercial properties in the nearby areas. For instance, the construction of Gemas-Johor Bahru double tracking rail project will provide opportunities for property developers with land bank located in the surrounding areas.

6. INDUSTRY OVERVIEW (Cont'd)



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17. THREATS AND RISKS ANALYSIS

17.1 Fluctuations in Prices of Iron and Steel Materials

- In 2010, the use of iron and steel materials including steel bars and rods, steel sheets, cast iron pipes and tubes, hardware materials and others represented 26.2% of the total cost of building materials used for the residential and non-residential constructions (Source: Department of Statistics).
- As iron and steel raw materials are commodities, the prices of these raw materials are subject to fluctuations in global market prices. In some situations, an increase in the price of these raw materials may not be easily passed onto customers. This could have an impact on profit margins. Alternatively, if an increase in cost is passed onto customers, the price competitiveness of the operator may be eroded.

Mitigating Factors

- Operators with strong financial strength may be able to purchase and maintain stocks of key raw materials to create a cushion against price fluctuations.
- As these raw materials are commodities and therefore subjected to world prices, all operators that use these materials are equally affected.

17.2 Global Economic Slowdown

- Any prolonged and/or widespread economic slowdown may affect consumer and business confidence and spending. Any increased in uncertainties in the global and local economies will further reduce the level of investments. This will in turn reduce demand on consumer spending, including investment in properties.

Mitigating Factors

- As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy.
- This is supported by the relatively high real GDP growth of 5.6% for Malaysian economy in 2012 as compared to the real GDP growth of 1.3% for advanced economies⁽¹⁾.
- In 2013, real GDP of the Malaysian economy is forecasted to grow between 5.0% to 6.0%, while advanced economies⁽¹⁾ are projected to experience a growth of 1.4%. The Malaysian economy is expected to be better off compared to many of the more advanced economies.

6. INDUSTRY OVERVIEW (Cont'd)



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Note:

(1) *Advance economies include Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong SAR, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Taiwan Province of China, United Kingdom and United States.*

(Sources: Bank Negara Malaysia and International Monetary Fund)

- It is expected that the continuing GDP growth in Malaysia will help to generate domestic business activities and domestic consumption, which will in turn help to counter the slowdown in the local economy.

17.3 Property Overhang

- The increase in property overhang is commonly due to over-supply and/or low take-up of new launches by developers. The continuing rise in property overhang will have an impact on property developers within the industry.
- In 2012, the number of completed and unsold residential units reached 15,000 units, amounting to RM4.7 billion in Malaysia *(Source: Valuation and Property Services Department, Ministry of Finance)*

Mitigating Factors

- The Government had launched the My First Home Scheme programme under the 2012 Budget to help young adults with earnings below RM3,000 to purchase their first home. Subsequently in the 2013 Budget, the Government announced that the income limit would be raised to RM5,000 per month for individual loans and RM10,000 per month for joint loans of husband and wife. Home buyers under this programme are allowed to obtain 100% financing loan from financial institutions and they do not have to pay a 10% down payment.
- According to the Budget 2012, the maximum property value allowed under the scheme had been increased from RM220,000 to RM400,000 effective from 1 January 2012.
- The above is aimed at stimulating the demand for properties and house ownership in Malaysia. This is expected to have a favourable impact on the Property Development Industry in Malaysia.

17.4 Implementation of Tighter Housing Loan Policies

- On 3 November 2010, Bank Negara Malaysia announced with immediate effect the implementation of a maximum loan-to-value (LTV) ratio of 70%, which will be applicable to financing facility taken out by borrowers on the third home onwards.

6. INDUSTRY OVERVIEW (*Cont'd*)



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- In addition, from 1 January 2012 onwards, financial institutions are required to assess borrower's net income and debt obligations before approval.
- These housing loan policies imposed by Bank Negara Malaysia may discourage demand on residential properties from potential home buyers.

Mitigating Factors

- Financing facilities for the purchase of the first and second homes by individuals are not affected and borrowers will continue to be able to obtain financing for these purchases at the present prevailing LTV level applied by individual banks based on their internal credit policies. (*Source: Bank Negara Malaysia*)
- As such, demand from individuals purchasing their first or second homes using financing facilities will not be affected by the new ruling.
- Furthermore, the new method to assess a borrower's debt paying ability will curb speculative activities in property transactions that create large number of unoccupied homes. This in turn protects the interest of property developers by preventing property bubble.
- In addition, all operators within the Property Development Industry in Malaysia are equally affected by the new ruling imposed.

18. CRITICAL SUCCESS FACTORS

- **Quality of Property Development:** To ensure business sustainability, property developers must be able to continually meet and deliver quality property development to customers. Those who adopt stringent controls in their construction processes and have attained internationally recognised quality management system certifications are in a better position to compete effectively.
- **Established Track Record:** The track record and reputation of a property developer determine the level of confidence in property investors towards the developer. In addition, these aspects are important in securing bank loans for property development projects. As such, other than possessing a prime project location, a reputable track record is significant to attract property buyers.
- **Design and Architectural Capabilities:** A property developer's design and architectural capabilities are important to ensure business sustainability and growth. Customers are more likely to be attracted to properties with superior architecture and interior designs that will provide the buyer with a better lifestyle and living environment.

6. INDUSTRY OVERVIEW (Cont'd)



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- **Financial Stability:** Property developers who are in a healthy financial position are more likely to complete and deliver quality property development projects to customers. Potential property investors may emphasize financial stability as a key criterion in the evaluation of property purchases as they would not want any disruption during the construction process. In addition, a financially strong property developer would be in a better position to deliver quality products to compete with other industry players.

19. MARKET SIZE

19.1 Market Size – Malaysia

Market Size of Total Property Market in Malaysia

- In 2012, the size of the total property market in Malaysia in terms of total value of property transactions (including all types of land and building) was **RM142.8 billion**.

Market Size of Residential Property in Malaysia

- In 2012, the size of the residential property market in Malaysia in terms of total value of residential property (including residential land and buildings) transactions was **RM67.8 billion**.

Market Size of Commercial Property in Malaysia

- In 2012, the size of the commercial property market in Malaysia in terms of total value of commercial property (including commercial plots and buildings) transactions was **RM27.8 billion**.

Market Size of Industrial Property in Malaysia

- In 2012, the size of the industrial property market in Malaysia in terms of total value of industrial property (including industrial plots and buildings) transactions was **RM12.0 billion**.

(Source: Valuation and Property Services Department, Ministry of Finance)

19.2 Market Size – Negeri Sembilan

Market Size of Total Property Market in Negeri Sembilan

- In 2012, the size of the total property market in Negeri Sembilan in terms of total value of property transactions (including all types of land and building) was **RM5.3 billion**.

6. INDUSTRY OVERVIEW (Cont'd)



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Market Size of Residential Property in Negeri Sembilan

- In 2012, the size of the residential property market in Negeri Sembilan in terms of total value of residential property (including residential land and buildings) transactions was **RM2.5 billion**.

Market Size of Commercial Property in Negeri Sembilan

- In 2012, the size of the commercial property market in Negeri Sembilan in terms of total value of commercial property (including commercial plots and buildings) transactions was **RM1.0 billion**.

Market Size of Industrial Property in Negeri Sembilan

- In 2012, the size of the industrial property market in Negeri Sembilan in terms of total value of industrial property (including industrial plots and buildings) transactions was **RM0.6 billion**.

(Source: Valuation and Property Services Department, Ministry of Finance)

19.3 Market Size - Johor

Market Size of Total Property Market in Johor

- In 2012, the size of the total property market in Johor in terms of total value of property transactions (including all types of land and building) was **RM16.8 billion**.

Market Size of Residential Property in Johor

- In 2012, the size of the residential property market in Johor in terms of total value of residential property (including residential land and buildings) transactions was **RM5.7 billion**.

Market Size of Commercial Property in Johor

- In 2012, the size of the commercial property market in Johor in terms of total value of commercial property (including commercial plots and buildings) transactions was **RM3.0 billion**.

Market Size of Industrial Property in Johor

- In 2012, the size of the industrial property market in Johor in terms of total value of industrial property (including industrial plots and buildings) transactions was **RM2.2 billion**.

(Source: Valuation and Property Services Department, Ministry of Finance)

6. INDUSTRY OVERVIEW (Cont'd)



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20. MARKET SHARE

20.1 Market Share – Malaysia

Total Property Market

- In 2012, Matrix Concepts Group's market share of the total property market in Malaysia was estimated at **less than 1%**. This was based on the Group's revenue of RM456.1 million from its sales of land and property development for the financial year ended 31 December 2012.

Residential Property Market

- In 2012, Matrix Concepts Group's market share of the residential property market in Malaysia was estimated at **less than 1%**. This was based on the Group's revenue of RM328.1 million from residential properties for the financial year ended 31 December 2012.

Commercial Property Market

- In 2012, Matrix Concepts Group's market share of the commercial property market in Malaysia was estimated at **less than 1%**. This was based on the Group's revenue of RM15.2 million from commercial properties for the financial year ended 31 December 2012.

Industrial Property Market

- In 2012, Matrix Concepts Group's market share of the industrial property market in Malaysia was estimated at **less than 1%**. This was based on the Group's revenue of RM79.8 million from industrial properties for the financial year ended 31 December 2012.

20.2 Market Share – Negeri Sembilan

Total Property Market

- In 2012, Matrix Concepts Group's market share of the total property market in Negeri Sembilan was estimated at **7%**. This was based on the Group's revenue of RM375.1 million from its sales of land and property development in Negeri Sembilan for the financial year ended 31 December 2012.

Residential Property Market

- In 2012, Matrix Concepts Group's market share of the residential property market in Negeri Sembilan was estimated at **10%**. This was based on the Group's revenue of RM247.1 million from residential properties in Negeri Sembilan for the financial year ended 31 December 2012.

Commercial Property Market

- In 2012, Matrix Concepts Group's market share of the commercial property market in Negeri Sembilan was estimated at **2%**. This was based on the Group's revenue of RM15.2 million from commercial properties in Negeri Sembilan for the financial year ended 31 December 2012.

6. INDUSTRY OVERVIEW (Cont'd)



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Industrial Property Market

- In 2012, Matrix Concepts Group's market share of the industrial property market in Negeri Sembilan was estimated at **13%**. This was based on the Group's revenue of RM79.8 million from industrial properties for the financial year ended 31 December 2012.

20.3 Market Share – Johor

Total Property Market

- In 2012, Matrix Concepts Group's market share of the total property market in Johor was estimated at **less than 1%**. This was based on the Group's revenue of RM81.0 million from property development in Johor for the financial year ended 31 December 2012.

Residential Property Market

- In 2012, Matrix Concepts Group's market share of the residential property market in Johor was estimated at **1%**. This was based on the Group's revenue of RM81.0 million from residential properties in Johor for the financial year ended 31 December 2012.

Note: For the financial year ended 31 December 2012, Matrix Concepts Group did not recognise revenue from commercial and industrial property in Johor.

We, Vital Factor Consulting Sdn Bhd, have prepared this report in an independent and objective manner and have taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

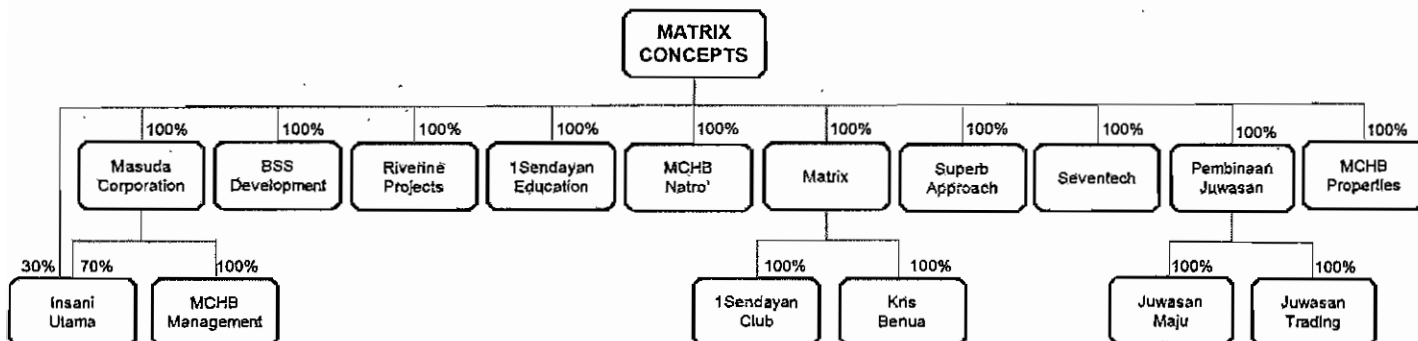
Wooi Tan
Managing Director

7. INFORMATION ON OUR GROUP

7.1 HISTORY AND BUSINESS

Our Company was established as Brilliant Radical Sdn Bhd in Malaysia on 24 December 1996, as a private limited company under the Act. Subsequently on 13 January 2003, we changed our name to Matrix Concepts Holdings Sdn Bhd. On 22 November 2004, we were converted into a public limited company and assumed our present name.

Our principal business is in the sales of land and property development. Our sales of land include large tracts of undeveloped land. Our property development currently includes residential, commercial, industrial and leisure properties. Our Group structure as at the LPD is set out below:



Our Group was founded by our Group Managing Director / Chief Executive Officer, Dato' Lee Tian Hock who brings with him approximately 30 years of experience in the property development industry. He has been instrumental in the success, growth and development of our Group since we commenced operations. He is supported by Mr Ho Kong Soon, our Group Deputy Managing Director / Chief Operating Officer who brings with him more than 20 years of experience in the property development industry.

The history of our Group can be traced back to 1997 when our subsidiary Matrix, commenced operations as a property development company. Our maiden property development project was in Taman Bahau, Negeri Sembilan, a mixed residential and commercial development comprising 581 units of terrace houses and 14 units of shop offices. This was a joint-venture project between Matrix and the landowner, Beg Development Sdn Bhd on a land with an area of approximately 50 acres. The total GDV for this project was approximately RM34.9 million. We completed this property development in 1999 with all units sold.

In 1998, our other property development arm, Masuda Corporation acquired 21 acres of land in Kuala Pilah, Negeri Sembilan to develop a mixed residential and commercial property which commenced in 1999. This development was completed in 2000 with 98% of units sold.

In 1999, through Masuda Corporation, we embarked on a joint-venture arrangement with MBI to develop a land area of approximately 39 acres. This was for the Taman Andalas (Phase 1 and 2) project. Phase 1 of Taman Andalas was a mixed residential and commercial development comprising 369 units of terrace houses, 4 units of single-storey semi-detached houses and 8 units of single-storey shop offices. We launched Phase 1 of Taman Andalas in the same year with 90% of units sold within 6 months and thereafter all units were sold. Phase 1 of Taman Andalas was completed in 2000.

During the same year in 1999, we acquired 100% stake in 1 Sendayan Club, a property development company and 50% stake in Kris Benua, a plantation company. Kris Benua became a wholly-owned subsidiary in 2004. In 2006, Kris Benua disposed of its plantation land to focus on property development. Kris Benua had since been inactive until 2008 when it changed its business activity to project management which mainly involves project sales administrative work, such as assisting customers to liaise with lawyers and banks to facilitate the sale and to obtain bank loans.

7. INFORMATION ON OUR GROUP (Cont'd)

In 2000, we acquired a 70% stake of Insani Utama, a property development company that has entered into a joint-venture arrangement with Yayasan Negeri Sembilan to develop Taman Gadong Jaya, a mixed residential and commercial development in Seremban. We commenced on the development of Phase 1 and 2 in 2001 of Taman Gadong Jaya and this was followed by Phase 3 and 4 in 2002 and 2003 respectively. The last phase of the development was completed in 2003 with 99% of units sold. Insani Utama became a wholly owned subsidiary in 2002.

Since then, we have completed various property development projects in Negeri Sembilan between 2000 and 2002. These included the following:

- Taman Sri Telawi, a residential development in Seremban, and Taman Pedas Indah, a mixed residential and commercial development in Pedas. Both developments were undertaken by Matrix in 2000 and completed in 2000 with all units sold. Taman Pedas Indah was the result of a joint-venture arrangement between Matrix and the landowner, Omega Touch Sdn Bhd.
- Phase 1 of Taman Intan Perdana 1, 2 and 3 in Port Dickson, a mixed residential and commercial development under our subsidiaries, 1 Sendayan Club and Masuda Corporation which commenced in 2000 and completed in 2001 with all units sold.
- Phase 2 of Taman Andalas in Mantin, which was the result of a joint-venture between Masuda Corporation and MBI for the development of low cost flats. This development commenced in 2000 and completed in 2001 with all units sold.
- Intan Court in Port Dickson, a residential development of low cost flats under our subsidiary, 1 Sendayan Club. This development commenced in 2000 and completed in 2002 with all units sold.
- Taman Sri Anggerik in Rantau, a residential development under Matrix commenced in 2001 and completed in 2002 with all units sold.

In 2002, through our property development subsidiary, Riverine Projects, we entered into a joint-venture agreement with Majlis Agama Islam Negeri Sembilan for the development of Kota Gadong Perdana on 295 acres of land which forms part of our future residential property project which we expect to commence development by early 2016. As the location of the development is next to Bandar Sri Sendayan, our Group had included the project in its larger plan for the development of Bandar Sri Sendayan. In the same year in 2002, Matrix acquired 109 acres of land in Port Dickson with the intention to develop Taman Politeknik, a mixed residential and commercial development. During the same year in 2002, we acquired a 100% stake in 1 Sendayan Education, a dormant company to undertake property development and a 100% stake in MCHB Natro', a property development company. MCHB Natro' changed its business activity to landscape management in 2007.

Between 2002 and 2004, some of the other property development projects that we embarked on included the following:

- Taman Intan Perdana V(a) and (b), and Taman Bukit Perdana in Port Dickson, primarily residential developments under 1 Sendayan Club commenced in 2002 and completed in 2003 with all units sold.
- Taman Sendayan Indah in Seremban, which was the result of a joint-venture between Insani Utama and MBI for a mixed residential and commercial development which commenced in 2002 and completed in 2003 with all units sold.
- Arowana Impian in Seremban 2, a mixed residential and commercial development under Masuda Corporation commenced in 2003 and completed in 2004 with all units sold.

7. INFORMATION ON OUR GROUP (Cont'd)

- Matahari Height in Bandar Senawang, and Taman Politeknik in Port Dickson, both projects were mixed residential and commercial developments under Matrix. Both projects commenced in 2003 and completed in 2004 with all units sold.

In 2003, Matrix acquired approximately 110 acres of land with the intention to develop Taman Desa PD in Port Dickson, Negeri Sembilan.

As part of our Group's expansion to other states, we acquired 100% stake of Seventech, a property development company in 2004. Through Seventech, which had a joint-venture arrangement with South East Johore Development Authority under the Ministry of Rural Development, we developed our first project in Johor namely Taman Anggerik Tenggara in Bandar Tenggara on a land measuring approximately 200 acres. We commenced the development of Phase 1 in 2004. The development, which included Phase 1 and 2 were completed in 2009 with all units sold. During the same year in 2004, Masuda Corporation acquired 55 acres of land in Seremban with the intention to develop Taman Pulai Impian, a residential development.

Some of the other developments that we embarked on during 2004 included Taman Bukit Perdana II in Port Dickson, a residential development and Taman Permai Impian in Seremban, a mixed development undertaken by subsidiaries, 1 Sendayan Club and Superb Approach respectively. Taman Permai Impian was the result of a joint-venture arrangement with Yayasan Negeri Sembilan. Both developments commenced in July 2004 and were completed in 2004 and 2005 respectively with all units sold.

In 2005, Matrix entered into a joint-venture with KKTNJB to develop our first flagship township development in Taman Seri Impian in Kluang, Johor. In the same year in 2005, BSS Development entered into a joint-venture with MBI to develop our second flagship integrated development project in Bandar Sri Sendayan in Seremban.

During the same year in 2005, our subsidiaries, Matrix and MCHB Management were accredited with ISO 9001:2000 status for provision of project management and administrative management services in property development by BM TRADA Certification Ltd, a certification body accredited by United Kingdom Accreditation Service.

In 2006, we launched the first two phases of the Taman Seri Impian township development, namely the launching of Taman Seri Impian 1 and Impiana Avenue 1 which comprised 487 units of terrace houses and 33 units of shop offices respectively. The developments were completed in 2008 and 2009 respectively. This was followed by the commencement of Taman Seri Impian 2 – Parcel 1 and 2 in 2007, which were completed in 2009 and 2010 respectively. In 2009, we commenced on the development of Taman Seri Impian 3 which was undertaken in different phases, as well as Impiana Avenue 2 and Impiana Villa 1 in 2010, all of which were completed in 2011 and 2012. In 2010, Matrix also began development of Taman Seri Impian 4 – Impiana Casa 1. The completed development of the phases until 2012 comprised 2,498 units of terrace houses and bungalows as well as 69 units of shop offices which 99.9% were sold. As at LPD, the township has an estimated total GDV of approximately RM490.0 million, including completed and on-going projects.

Between 2005 and 2006, some of the other developments that we have undertaken in Negeri Sembilan were:

- Taman Pulai Impian, our first gated and guarded residential development in Seremban developed by Masuda Corporation in 2005 and completed in 2006;
- Taman Desa PD 1 in Port Dickson, a mixed development developed by Matrix in 2005 and completed in 2006;
- Matrix Point, a small commercial development in Seremban developed by Superb Approach in 2006 and completed in 2007;
- Taman Bukit Sendayan in Seremban, a residential development developed by Masuda Corporation in 2006 and completed in 2008; and

7. INFORMATION ON OUR GROUP (Cont'd)

- Arowana Indah, a residential and commercial development developed by Masuda Corporation in 2006 and completed in 2007.

Between 2007 and 2008, some of the other developments that we have undertaken in Negeri Sembilan were:

- Matahari Indah, a residential development developed by Masuda Corporation in 2007 and completed in 2008;
- Matrix Court, a commercial development developed by Superb Approach in 2007 and completed in 2009; and
- Taman Sri Intan, a residential and commercial development undertaken by 1 Sendayan Club through a joint-venture arrangement with the Housing and Local Government Unit of Negeri Sembilan. The project commenced development in 2007 and was completed in 2008.

In 2008, we launched the first two phases of developments in Bandar Sri Sendayan, a residential area namely Nusari Bayu 1 with 1,159 units of terrace houses and 18 lots of commercial plots at Sendayan Metropark. Nusari Bayu 1 as well as the infrastructure for the commercial plots at Sendayan Metropark was completed in 2010.

In addition, we also completed and delivered 500 units of bungalows for Idaman Villa as part of the joint-venture agreement with MBI in 2008. The handover ceremony was officiated by the Chief Minister of Negeri Sembilan, YAB Dato' Seri Utama Haji Mohamad bin Haji Hasan on 28 February 2008.

In the same year of 2008, we also entered into a joint-venture with Reka Property Venture Sdn Bhd to develop a mixed development namely Taman Pulau Perdana in Seremban. This development commenced in 2008 and was completed in 2009 with all units sold.

In 2009, we commenced on the next phase of our flagship integrated township development in Bandar Sri Sendayan, Seremban comprising 359 units of terrace houses namely Nusari Bayu 2A which were completed in 2011 with all units sold. During the same year, we also continued with the further residential development of Taman Desa PD II (Phase 1) in Port Dickson through Matrix. This was also completed in the 2011 with all units sold.

During the same year in 2009, our subsidiaries, Matrix, MCHB Management and Juwasan Maju upgraded their Quality Management System from ISO 9001:2000 to ISO 9001:2008 for project management, provision of construction and administrative management services in property development from BM TRADA Certification Ltd.

In 2010, BSS Development continued to develop seven different phases of Bandar Sri Sendayan which comprised 916 units of terrace houses, 74 units of semi-detached houses, 51 lots of industrial plots and 46 units of shop offices. In 2011, BSS Development continued the development of five new phases in Bandar Sri Sendayan. Of the developments commenced in 2010 and 2011, seven phases were completed between 2011 and February 2013 with all units sold. As at LPD, our Group has completed 2,653 units of terrace houses, 74 units of semi-detached houses, 71 units of shop offices and 18 lots of commercial plots in Bandar Sri Sendayan. As at LPD, this township has an estimated total GDV of RM1.7 billion, including completed and on-going projects.

In 2011, we completed and delivered 320 units of single-storey bungalow in Taman Impiana Kopketa as part of our fulfilment of the joint-venture agreement with the KKTNJB.

In 2011, we acquired the remaining 25% stake in BSS Development and the company became a 100% subsidiary of our Group, with one share held by MBI. During the same year, we disposed a piece of land measuring 750 acres to 1MDB for the purpose of setting-up a new academia and training centre for the Royal Malaysian Air Force and the relocation of the Sungai Besi base to Bandar Sri Sendayan in Negeri Sembilan.

7. INFORMATION ON OUR GROUP (Cont'd)

In 2012, together with MBI, we signed various sales and purchase agreements with the following companies for the sale of industrial lots at Sendayan Tech Valley 1 and 2:

- Akashi-Kikai Industry (M) Sdn Bhd for the sale of 6 industrial lots at Sendayan Tech Valley 1 measuring 113,016 square metres for the construction of an electronic automation transmission system plant;
- Messier-Bugatti-Dowty Malaysia Sdn Bhd for the sale of an of industrial plot at Sendayan TechValley 2 measuring 555,278 square feet for the construction of an aero brake disc plant;
- Hino Motors Manufacturing (Malaysia) Sdn Bhd for the sale of an industrial plot at Sendayan TechValley 2 measuring 171,397 square metres for the construction of a plant involved in manufacturing of trucks and buses;
- Keen Point (M) Sdn Bhd for the sales of 3 lots of industrial plots at Sendayan TechValley 2 measuring 481,911 square feet for the construction of an electroplating plant;
- Meditop Corporation (M) Sdn Bhd for the sales of 3 industrial plots at Sendayan TechValley 2 measuring 857,378 square feet for the construction of a medical equipment plant;
- TMC Metal (Malaysia) Sdn Bhd for the sale of an industrial plot at Sendayan TechValley 1 measuring 17,778 square metres for the construction of a metal casting plant.

In 2012, BSS Development began the development of six new phases in Bandar Sri Sendayan, which comprised 1,184 units of terrace houses, 10 units of semi-detached houses and a clubhouse. During the same year, Matrix also began development on Taman Seri Impian 4 – Impiana Casa 2 which comprised 288 units of terrace houses. In 2012, through Matrix, our Group also began the development of Taman Desa PD 3, a residential property project in Port Dickson, Negeri Sembilan.

In January 2013, together with MBI, we signed a sales and purchase agreement with MBMR Properties Sdn Bhd for the sale of 4 lots of industrial plots at Sendayan TechValley 2 measuring 20.26 acres for the construction of an automotive plant. In February 2013, we signed a sales and purchase agreement with Resort & Leisure Homes Sdn Bhd for the purchase of a piece of vacant land of approximately 5 acres in Port Dickson, Negeri Sembilan, which is to be used for a residential condominium building.

Over the past 13 years, our Group had been involved in joint-venture with MBI for the development of the following projects:

- Taman Andalas in Mantin, Negeri Sembilan for the development of low cost flats in 2000;
- Taman Sendayan Indah in Seremban, Negeri Sembilan for a mixed residential and commercial development in 2002;
- our second flagship integrated development project, namely, Bandar Sri Sendayan, Seremban, Negeri Sembilan in 2005; and
- Third 9 Residence, Seremban, Negeri Sembilan for the development of residential properties in 2011.

Our Non-Independent Non-Executive Chairman, Dato' Haji Mohamad Haslah bin Mohamad Amin is also the Chief Executive Officer of MBI. He was appointed to the board of BSS Development in 2005 as one of the representatives of MBI pursuant to our joint-venture with MBI for the Bandar Sri Sendayan integrated development project.

For the past four (4) FYE 31 December 2009 to 2012, we have sold 12 plots of undeveloped land amounting to RM350.2 million. As at LPD, we have sold 20,056 out of a total of 20,079 residential and commercial properties completed since the commencement of our Group. As at LPD, the total GDV of the properties completed since our Group's commencement amounted to RM2.1 billion.

7. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, based on our on-going projects, our Group has launched 3,128 units of residential, commercial and industrial properties, of which 93 lots are industrial plots, with an estimated total GDV of RM1.4 billion. Of these, 2,807 units of properties including 57 lots of industrial plots were sold, which represented 89.7% of the total number of properties launched by our Group under our on-going projects.

As at the LPD, our Group has a land bank of approximately 1,568 acres located mainly in Seremban and Port Dickson, Negeri Sembilan and Kluang, Johor for future development, of which 1,457 acres of the land bank are owned by our joint-venture partners. All our land bank has been approved for development of residential, commercial, industrial, institutional and leisure properties.

Since the commencement of our Group's operations in 1997, we have established ourselves as a reputable property developer in Negeri Sembilan and Johor with revenues of RM456.1 million for the FYE 31 December 2012.

7.2 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities, we undertook the following exercises:

7.2.1 Bonus Issue

Our Company implemented a bonus issue of 186,399,060 new Shares to our existing shareholders on the basis of approximately 3.65 new Shares for every 1 existing Share held by way of capitalisation of RM186,399,060 from our retained profits based on our audited financial statements for the FYE 31 December 2012.

Upon completion of the Bonus Issue on 18 March 2013, the issued and paid-up share capital of our Company was increased from RM51,100,940 comprising 51,100,940 Shares to RM237,500,000 comprising 237,500,000 Shares.

The new Shares issued pursuant to the Bonus Issue ranked *pari passu* in all respects with our then existing issued and fully paid-up ordinary shares, except that they will not be entitled to any dividend, rights, allotment or other distribution, the entitlement date of which is prior to the date of allotment of the said Shares.

7.2.2 IPO

7.2.2.1 Public Issue

To facilitate the listing of and quotation for our Company's entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities and to comply with the Listing Requirements with regard to shareholding spread, our Company shall undertake a Public Issue of 62,500,000 new Shares representing approximately 20.83% of our enlarged issued and paid-up share capital at the Issue Price.

Upon completion of the Public Issue, our Company's issued and paid-up share capital will be further increased from RM237,500,000 comprising 237,500,000 Shares to RM300,000,000 comprising 300,000,000 Shares.

Further details on the Public Issue are set out in Section 3.3.1 of this Prospectus.

7. INFORMATION ON OUR GROUP (Cont'd)

7.2.2.2 Offer for Sale

The Offerors will collectively make an Offer for Sale of 37,500,000 Offer Shares, representing 12.50% of our enlarged issued and paid-up share capital at the Offer Price.

The details of the Offerors are as follows:

Name of Offerors	No. of Offer Shares
Ambang Kuasa	15,000,000
Magnitude Point	8,500,000
Target Venue	4,000,000
Dato' Lee Tian Hock	4,000,000
Meridian Effect	3,000,000
Fine Approach	2,000,000
Datin Yong Chou Lian	1,000,000

Further details on the Offer for Sale are set out in Section 3.3.2 of this Prospectus.

7.2.3 ESOS

In conjunction with the Listing, we are implementing an ESOS which entails the issuance of up to 10.0% of our issued and paid-up share capital (excluding treasury shares) at any one time pursuant to the options to be granted under the ESOS to our Group's eligible Directors and employees, in the manner set out in Section 3.3.4 of this Prospectus.

Details of the ESOS are set out in the ESOS By-Laws in Section 15 of this Prospectus.

7.2.4 Listing

Our Company will seek the listing of and quotation for our entire enlarged share capital of RM300,000,000 comprising 300,000,000 Shares on the Main Market of Bursa Securities. The board lot size for our enlarged issued and paid-up share capital upon listing will be standardised at 100 Shares per board lot.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.3 SHARE CAPITAL

Our Company's present authorised share capital is RM2,000,000,000 comprising 2,000,000,000 Shares. As at the LPD, the issued and paid-up share capital of our Company is RM237,500,000 comprising 237,500,000 Shares.

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
24 December 1996	2	1.00	Cash (Subscribers' Shares)	2
4 March 1997	99,998	1.00	Cash	100,000
26 December 2002	935,000	1.00	Other than cash (Acquisition of subsidiaries)	1,035,000
25 August 2003	9,315,000	1.00	Other than cash (Capitalisation of retained profits by way of special bonus issue)	10,350,000
15 September 2003	600,000	1.00	Cash	10,950,000
23 December 2003	10,950,000	1.00	Other than cash (Capitalisation of investment revaluation reserve by way of bonus issue)	21,900,000
18 June 2004	10,637,143	1.00	Other than cash (Capitalisation of investment revaluation reserve by way of bonus issue)	32,537,143
9 December 2008	8,134,286	1.00	Other than cash (Capitalisation of retained profits by way of special bonus issue)	40,671,429
4 November 2011	1	1.00	Cash	40,671,430
9 November 2011	3,985,800	1.00	Other than cash (Capitalisation of retained profits by way of special bonus issue)	44,657,230
20 December 2011	6,443,710	1.00	Other than cash (Acquisition of subsidiary)	51,100,940
18 March 2013	186,399,060	1.00	Other than cash (Capitalisation of retained profits by way of bonus issue)	237,500,000

7. INFORMATION ON OUR GROUP (Cont'd)

7.4 INFORMATION ON OUR SUBSIDIARIES

7.4.1 BSS Development

(i) Incorporation and principal activities

BSS Development was incorporated in Malaysia as a private limited company under the Act on 27 April 2005 under the name of Formasi Bestari Sdn Bhd. Subsequently, on 16 January 2006, it changed its name to BSS Development. BSS Development commenced operations on 1 June 2005. BSS Development is principally involved in property development and sales of land.

(ii) Share capital

The present authorised share capital of BSS Development is RM5,000,000 comprising 4,999,999 ordinary shares of RM1.00 each and 1 Redeemable Preference Share of RM1.00 each of which 2,500,000 ordinary shares of RM1.00 each and 1 Redeemable Preference Share of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of BSS Development since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
27 April 2005	2	1.00	Cash (Subscribers' Shares)	2
29 August 2005	999,998	1.00	Cash	1,000,000
29 August 2005	*1	1.00	Cash	1,000,001
14 November 2012	1,500,000	1.00	Other than cash (Capitalisation of the amount owing to holding company)	2,500,001

Note:

* Redeemable Preference Share held by MBI.

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in BSS Development. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiaries and associated companies

As at the LPD, BSS Development does not have any subsidiary and associated companies.

(iv) Substantial shareholders

BSS Development is a wholly-owned subsidiary of Matrix Concepts.

7. INFORMATION ON OUR GROUP (Cont'd)

7.4.2 Masuda Corporation

(i) Incorporation and principal activities

Masuda Corporation was incorporated in Malaysia as a private limited company under the Act on 21 January 1997 under its present name. Masuda Corporation commenced operations since incorporation. Masuda Corporation is principally involved in property development and investment holding. The principal activities of its subsidiaries are set out in Sections 7.4.11 and 7.4.12 below.

(ii) Share capital

The present authorised share capital of Masuda Corporation is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Masuda Corporation since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
21 January 1997	2	1.00	Cash (Subscribers' Shares)	2
15 September 1997	299,998	1.00	Cash	300,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Masuda Corporation. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

Masuda Corporation is the holding company of a 70%-owned and a wholly-owned subsidiary, being Insani Utama and MCHB Management respectively, further details of which are set out in Sections 7.4.11 and 7.4.12 below.

(iv) Substantial shareholders

Masuda Corporation is a wholly-owned subsidiary of Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.3 Matrix

(i) Incorporation and principal activities

Matrix was incorporated in Malaysia as a private limited company under the Act on 15 April 1994 under its present name. Matrix commenced operations in year 1997. Matrix is principally involved in property development and investment holding. The principal activities of its subsidiaries are set out in Sections 7.4.13 and 7.4.14 below.

(ii) Share capital

The present authorised share capital of Matrix is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 2,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Matrix since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
15 April 1994	2	1.00	Cash (Subscribers' Shares)	2
7 April 1997	249,998	1.00	Cash	250,000
15 September 1997	500,000	1.00	Cash	750,000
1 November 2006	1,250,000	1.00	Other than cash (Capitalisation of amount owing to holding company)	2,000,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Matrix. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

Matrix is the holding company of two wholly-owned subsidiaries, being 1 Sendayan Club and Kris Benua, further details of which are set out in Sections 7.4.13 and 7.4.14 below.

(iv) Substantial shareholders

Matrix is a wholly-owned subsidiary of Matrix Concepts.

7. INFORMATION ON OUR GROUP (Cont'd)

7.4.4 MCHB Natro'

(i) Incorporation and principal activities

MCHB Natro' was incorporated in Malaysia as a private limited company under the Act on 19 December 1996 under the name of Demi Sejati Sdn Bhd. Subsequently, on 28 December 2007, it changed its name to MCHB Natro'. MCHB Natro' commenced operations since incorporation. MCHB Natro' is principally involved in landscape management. MCHB Natro' was previously involved in property development.

(ii) Share capital

The present authorised share capital of MCHB Natro' is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of MCHB Natro' since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
19 December 1996	2	1.00	Cash (Subscribers' Shares)	2
7 April 1997	299,998	1.00	Cash	300,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in MCHB Natro'. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, MCHB Natro' does not have any subsidiary and associated companies.

(iv) Substantial shareholders

MCHB Natro' is a wholly-owned subsidiary of Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.5 1 Sendayan Education

(i) Incorporation and principal activities

1 Sendayan Education was incorporated in Malaysia as a private limited company under the Act on 21 June 1996 under the name of Omega Ciptaan Sdn Bhd. Subsequently, on 12 October 2011, it changed its name to 1 Sendayan Education. 1 Sendayan Education commenced operations in June 2002. 1 Sendayan Education's intended principal activity is in the provision of education services. The company was previously involved in property development.

(ii) Share capital

The present authorised share capital of 1 Sendayan Education is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of 1 Sendayan Education since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
21 June 1996	2	1.00	Cash (Subscribers' Shares)	2
13 February 1998	18	1.00	Cash	20
30 October 2000	80	1.00	Cash	100
2 March 2012	99,900	1.00	Cash	100,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in 1 Sendayan Education. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, 1 Sendayan Education does not have any subsidiary and associated companies.

(iv) Substantial shareholders

1 Sendayan Education is a wholly-owned subsidiary of Matrix Concepts.

7. INFORMATION ON OUR GROUP (Cont'd)**7.4.6 Riverine Projects****(i) Incorporation and principal activities**

Riverine Projects was incorporated in Malaysia as a private limited company under the Act on 16 August 2002 under its present name. Riverine Projects commenced operations since incorporation. Riverine Projects is principally involved in property development.

(ii) Share capital

The present authorised share capital of Riverine Projects is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Riverine Projects since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
16 August 2002	2	1.00	Cash (Subscribers' Shares)	2

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Riverine Projects. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, Riverine Projects does not have any subsidiary and associated companies.

(iv) Substantial shareholders

Riverine Projects is a wholly-owned subsidiary of Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.7 Superb Approach

(i) Incorporation and principal activities

Superb Approach was incorporated in Malaysia as a private limited company under the Act on 2 October 1996 under its present name. Superb Approach commenced operations on 15 September 1997. Superb Approach is principally involved in property development and investment holding.

(ii) Share capital

The present authorised share capital of Superb Approach is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 250,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Superb Approach since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
2 October 1996	2	1.00	Cash (Subscribers' Shares)	2
27 September 1997	99,998	1.00	Cash	100,000
11 June 2004	150,000	1.00	Cash	250,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Superb Approach. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, Superb Approach does not have any subsidiary and associated companies.

(iv) Substantial shareholders

Superb Approach is a wholly-owned subsidiary of Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)**7.4.8 Seventech****(i) Incorporation and principal activities**

Seventech was incorporated in Malaysia as a private limited company under the Act on 29 April 1994 under its present name. Seventech commenced operations in December 2003. Seventech is principally involved in property development.

(ii) Share capital

The present authorised share capital of Seventech is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 250,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Seventech since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
29 April 1994	2	1.00	Cash (Subscribers' Shares)	2
18 January 1996	99,998	1.00	Cash	100,000
9 September 2004	150,000	1.00	Cash	250,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Seventech. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, Seventech does not have any subsidiary and associated companies.

(iv) Substantial shareholders

Seventech is a wholly-owned subsidiary of Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)**7.4.9 Pembinaan Juwasan****(i) Incorporation and principal activities**

Pembinaan Juwasan was incorporated in Malaysia as a private limited company under the Act on 30 December 1996 under its present name. Pembinaan Juwasan commenced operations since incorporation. Pembinaan Juwasan is principally involved in project management. The principal activities of its subsidiaries are set out in Sections 7.4.15 and 7.4.16 below.

(ii) Share capital

The present authorised share capital of Pembinaan Juwasan is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Pembinaan Juwasan since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
30 December 1996	2	1.00	Cash (Subscribers' Shares)	2
25 February 1997	49,998	1.00	Cash	50,000
18 September 1999	250,000	1.00	Cash	300,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Pembinaan Juwasan. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

Pembinaan Juwasan is the holding company of two wholly-owned subsidiaries, being Juwasan Maju and Juwasan Trading, further details of which are set out in Sections 7.4.15 and 7.4.16 below.

(iv) Substantial shareholders

Pembinaan Juwasan is a wholly-owned subsidiary of Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.10 MCHB Properties

(i) Incorporation and principal activities

MCHB Properties was incorporated in Malaysia as a private limited company under the Act on 19 December 2011 under its present name. MCHB Properties is presently dormant. MCHB Properties' intended principal activity is that of property investment and rental of properties.

(ii) Share capital

The present authorised share capital of MCHB Properties is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of MCHB Properties since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
19 December 2011	2	1.00	Cash (Subscribers' Shares)	2.00

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in MCHB Properties. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, MCHB Properties does not have any subsidiary and associated companies.

(iv) Substantial shareholders

MCHB Properties is a wholly-owned subsidiary of Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.11 Insani Utama

(i) Incorporation and principal activities

Insani Utama was incorporated in Malaysia as a private limited company under the Act on 21 September 1990 under its present name. Insani Utama commenced operations on 18 June 1992. Insani Utama is principally involved in property development.

(ii) Share capital

The present authorised share capital of Insani Utama is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 250,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Insani Utama since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
21 September 1990	2	1.00	Cash (Subscribers' Shares)	2
20 March 1992	1	1.00	Cash	3
20 April 1993	249,997	1.00	Cash	250,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Insani Utama. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, Insani Utama does not have any subsidiary and associated companies.

(iv) Substantial shareholders

Insani Utama is a 70%-owned subsidiary of Masuda Corporation. The remaining thirty percent (30%) equity interest of Insani Utama is held by Matrix Concepts.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.12 MCHB Management

(i) Incorporation and principal activity

MCHB Management was incorporated in Malaysia as a private limited company under the Act on 26 September 1997 under the name of Masuda Property Services Sdn Bhd. Subsequently, on 28 December 2007, it changed its name to MCHB Management. MCHB Management commenced operations since incorporation. MCHB Management is principally involved in the provision of management and administrative services.

(ii) Share capital

The present authorised share capital of MCHB Management is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of MCHB Management since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
29 September 1997	2	1.00	Cash (Subscribers' Shares)	2
2 March 1998	9,998	1.00	Cash	10,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in MCHB Management. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, MCHB Management does not have any subsidiary and associated companies.

(iv) Substantial shareholders

MCHB Management is a wholly-owned subsidiary of Masuda Corporation.

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7. INFORMATION ON OUR GROUP (Cont'd)**7.4.13 1 Sendayan Club****(i) Incorporation and principal activities**

1 Sendayan Club was incorporated in Malaysia as a private limited company under the Act on 20 November 1998 under the name of Sepadu Intan Sdn Bhd. Subsequently, on 28 October 2011, it changed its name to 1 Sendayan Club. 1 Sendayan Club commenced operations since incorporation. 1 Sendayan Club's intended activity is principally involved in clubhouse operations. The company was previously involved in property development.

(ii) Share capital

The present authorised share capital of 1 Sendayan Club is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of 1 Sendayan Club since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
20 November 1998	2	1.00	Cash (Subscribers' Shares)	2
16 August 1999	299,998	1.00	Cash	300,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in 1 Sendayan Club. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, 1 Sendayan Club does not have any subsidiary and associated companies.

(iv) Substantial shareholders

1 Sendayan Club is a wholly-owned subsidiary of Matrix.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.14 Kris Benua

(i) Incorporation and principal activities

Kris Benua was incorporated in Malaysia as a private limited company under the Act on 19 September 1992 under its present name. Kris Benua commenced operations in year 1994. Kris Benua is principally involved in project management. Kris Benua was previously involved in plantation.

(ii) Share capital

The present authorised share capital of Kris Benua is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Kris Benua since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
19 September 1992	2	1.00	Cash (Subscribers' Shares)	2
22 October 1992	998	1.00	Cash	1,000
20 October 1998	499,000	1.00	Cash	500,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Kris Benua. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, Kris Benua does not have any subsidiary and associated companies.

(iv) Substantial shareholders

Kris Benua is a wholly-owned subsidiary of Matrix.

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7. INFORMATION ON OUR GROUP (Cont'd)

7.4.15 Juwasan Maju

(i) Incorporation and principal activities

Juwasan Maju was incorporated in Malaysia as a private limited company under the Act on 28 June 1993 under the name of Dermawan Tetap Sdn Bhd. Subsequently, on 26 May 2001, it changed its name to Juwasan Maju. Juwasan Maju commenced operations on 10 July 1993. Juwasan Maju is principally involved in project management and procurement of building materials.

(ii) Share capital

The present authorised share capital of Juwasan Maju is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which 750,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Juwasan Maju since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
28 June 1993	2	1.00	Cash (Subscriber shares)	2
25 October 1993	24,998	1.00	Cash	25,000
31 March 1994	30,000	1.00	Cash	55,000
21 December 2000	245,000	1.00	Cash	300,000
7 November 2003	450,000	1.00	Cash	750,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Juwasan Maju. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, Juwasan Maju does not have any subsidiary and associated companies.

(iv) Substantial shareholders

Juwasan Maju is a wholly-owned subsidiary of Pembinaan Juwasan.

7. INFORMATION ON OUR GROUP (Cont'd)**7.4.16 Juwasan Trading****(i) Incorporation and principal activities**

Juwasan Trading was incorporated in Malaysia as a private limited company under the Act on 27 March 2001 under its present name. Juwasan Trading commenced operations since incorporation. Juwasan Trading is principally involved in procurement of building materials.

(ii) Share capital

The present authorised share capital of Juwasan Trading is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 50,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the changes in the issued and fully paid-up share capital of Juwasan Trading since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
27 March 2001	3	1.00	Cash (Subscribers' Shares)	3
30 April 2001	49,997	1.00	Cash	50,000

As at the LPD, there are no other outstanding warrants, options, convertible securities or uncalled capital in Juwasan Trading. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iii) Subsidiary and associated companies

As at the LPD, Juwasan Trading does not have any subsidiary and associated companies.

(iv) Substantial shareholders

Juwasan Trading is a wholly-owned subsidiary of Pembinaan Juwasan.

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8. PROPERTIES, PLANT AND EQUIPMENT

8.1 PROPERTIES OWNED BY OUR GROUP

As at the LPD, details of the land and buildings owned by us are as follows:

Property identification / Location	Registered owner	Description & existing use	Category of land use	Land/ Built up area	Tenure / Approximate age of building	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012	Market value /	
									RM'000	RM'000
1. Lot No. 769 (Geran 71271), Mukim Pasir Panjang, Port Dickson, Negeri Sembilan / Off 18 th Milepost, Jalan Pasir Panjang – Pengkalan Kempas	MCHB Natro'	Vacant agricultural land	Nil	20.06 acres / -	Freehold	Charged to Hong Leong Bank Berhad	N/A	1,506	1,900 / 28 February 2013 / Comparison method	(1) 394
2. Lot No. 847 (Geran 68386), Mukim Pasir Panjang, Port Dickson, Negeri Sembilan / Off 18 th Milepost, Jalan Pasir Panjang – Pengkalan Kempas	(2) MCHB Natro' and Tan Bon Sek @ Tan Boon Kow	Vacant agricultural land	Nil	(2) 7.48 acres / -	Freehold	Nil	N/A	(2) 427	710 / 28 February 2013 / Comparison method	(1) (2) 283

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

Property identification No. / Location	Registered owner	Description & existing use	Category of land use	Land/ Built up area acres/sqm	Tenure / Approximate age of building	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012	Market value /	
									RM'000	Valuation surplus / (deficit) RM'000
3. Lot No. 23185 (Geran 186419), Bandar Seremban, Seremban, Negeri Sembilan / Wisma Matrix, No. 57A & B, Jalan Tun Dr Ismail, 70200 Seremban, Negeri Sembilan	MCHB Management	Commercial land with a four-and-a-half storey office block used as our Group's head office	Building	550 sqm / 2,319 sqm	Freehold / 13 years (old block) and 3 years (new block)	Charged to AmBank (M) Berhad	21 June 1999 (old block) and 5 May 2009 (new block)	3,058	4,800 / 28 February 2013 / Comparison and investment method	(¹)1,742
4. Lot No. 63414 (Geran 355881), Mukim Kluang, Kluang, Johor / No. 69, Impiana Avenue, Jalan Seri Impian 1/2, Taman Seri Impian, 86000 Kluang, Johor	MCHB Management	Commercial land with a double-storey shop office used by the Group as our Kluang branch	Building	242 sqm / 483 sqm	Freehold / 3 years	Nil	7 April 2009	238	N/A	N/A

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

Property identification No. / Location	Registered owner	Description & existing use	Category of land use	Land/ Built up area acres/sqm	Tenure / Approximate age of building	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012	Market value / Date of valuation / Method of valuation	Valuation surplus / (deficit)
								RM'000	RM'000	RM'000
5. Lot No. 23191 (Geran 172845), Lot No. 23192 (Geran 172846), Lot No. 23193 (Geran 172847), Lot No. 23194 (Geran 172848) Bandar Seremban, Daerah Seremban, Negeri Sembilan / Jalan Tuanku Munawir, Seremban, Negeri Sembilan	MCHB Management	Vacant commercial lots used as our Group's staff car park	Building	611 sqm / -	Freehold	Charged to AmBank (M) Berhad	N/A	890	N/A	N/A

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8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No. / Location	Property identification	Registered owner	Description & existing use	Category of land use	Land/ Built up area acres/sqm	Tenure / Approximate age of building	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
6.	Lot 1140 PN 12104 (formerly known as PT 615 HSD 113373), Pekan Panchor, Daerah Seremban, Negeri Sembilan / No. 20, Jalan Sri Telawi 1, Taman Sri Telawi, 70400 Seremban, Negeri Sembilan	Pembinaan Juwasan	Commercial land with a double-storey shop office of which the ground floor is currently being rented out while the first floor is for own use	Building	129 sqm / 260 sqm	Leasehold (until 5 September 2096) / 13 years	Charged to Public Bank Berhad	11 October 1999	150	N/A	N/A

Notes:

- (1) The revaluation surplus based on the valuation carried out on the respective dates have not and will not be incorporated in the financial statements of the respective companies in the Group.
- (2) MCHB Natro' and Tan Bon Sek @ Tan Boon Kow both own a half share of the said land bearing the address Lot No. 847 (Geran 68386), Jalan Pasir Panjang – Pengkalan Kempas, Mukim Pasir Panjang, Port Dickson, Negeri Sembilan. As such, only half the NBV and market value of the said land is taken into account.

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8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

8.2 PROPERTIES HELD FOR DEVELOPMENT

As at the LPD, details of the properties which are held for development activities by our Group are as follows:

No.	Property identification / Location	Registered owner / Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value /	
										Date of valuation / Method of valuation	Valuation surplus / (deficit) RM'000
1.	Bandar Sri Sendayan	MBI / BSS Development		Building		Freehold / Perpetuity	Nil	N/A	313,177	552,000 / 28	(¹)238,823
(i)	Lot No. PT 871-883, 906-927, 948-968, 1687-1703, 1720-1782, 1797-1809, 1818-1985, 1991-2282, 3176-3690, 6872-6904, 6906-7000, 7004-7058, 7060-7143 and 8362-8389, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant residential and commercial lands used for the on-going development of Nusari Aman 1B, 2, 2D, 3A, Idaman Bayu 2 and Nusari Bayu 2B		120.2					February 2013 / Residual and comparison method	

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No.	Property identification / Location	Registered owner/ Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
(ii)	Lot No. PT 6450-6730, 6733-6751, 6753-6854, 7301-8195, 8391-10241, 10875-10876, 10878-10884, 10887-10890, 10919-11589 and 12667, , Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant residential and commercial lands used for the on-going development of Hijayu 1B and 3D and future development of Hijayu 1A, 3A, 3B, 3C, Hijayu Resort Homes, Hijayu Resort Villa, Hijayu Residence and Idaman Yu 1		490.4						
(iii)	Lot No. PT 1018-1049, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant commercial lands used for the future development of Sendayan Metropark Shop 1B		2.5						

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No.	Property identification / Location	Registered owner/ Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
(iv)	Lot No. PT 7148-7194 and 7196-7298, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant commercial lands used for the future development of Sendayan Metropark Shop 2		15.0						
(v)	Lot No. PT 4894-4895 and 12662-12663, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant commercial lands used for the on-going development of a Sub Centre @ Nusari Bayu		20.0						
(vi)	Lot No. PT 12664-12665, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant commercial lands used for the on-going development of a Sub Centre @ Nusari Hijayu		8.1						

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No.	Property identification / Location	Registered owner/ Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
(vii)	Lot No. PT 6140-6163, 6165-6173, 6175-6186, 6189-6214, 6216-6253, 6255, 6257-6284, 10271-10278 and 12671, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant commercial and industrial lands used for the future development of a Sub Centre @ Sendayan Tech Valley 1A		46.4						
(viii)	Lot No. PT 6127, 6130-6132, 6135-6138, 6286-6293, 6295-6302, 6307, 6310-6313, 6315-6321, 6326-6333, 6336-6337, 10279-10280, 11633-11635 and 11690, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant agricultural, commercial and industrial lands used for the on-going development of Sendayan Tech Valley 1		232.0						

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No.	Property identification / Location	Registered owner / Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
(ix)	Lot No. PT 5665, 6377-6383, 6385-6386, 6389-6402, 6406-6410, 6428-6433, 6435-11636, 12627-12630 and 12637, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant industrial lands used for the on-going development of Sendayan Tech Valley 2		302.9		PT 6377-6383, PT 6389-6396, PT 6401-6402 and PT 6407-6409 is charged to Amlslamic Bank Berhad				
(x)	Lot No. PT 6868, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant commercial land used for the future development of Sendayan Icon Park		116.0						
(xi)	Lot No. PT 11639-11680, Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant commercial and industrial lands used for the future development of Sendayan Auto City		115.2		PT 11644-11646 is charged to Amlslamic Bank Berhad				

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No.	Property identification / Location	Registered owner/ Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
(xii)	Lot No. PT 8196-8320, 8328-8329, 8339, 10690-10865, and 12652-12660 Bandar Sri Sendayan, Seremban, Negeri Sembilan		Vacant agricultural, commercial and institution lands used for the on-going development of 1 Sendayan Clubhouse and the future development of Sendayan Merchant Square and 1 Sendayan Clubhouse		107.4						
2.	Lot No. PT 11691-11814, 11820-12595 Bandar Sri Sendayan, Seremban, Negeri Sembilan	BSS Development	Vacant residential and commercial lands for the future development of Idaman Yu 2	Building	101.7	Freehold	Nil	N/A	35,795	-	-

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No.	Property identification / Location	Registered owner/ Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
3.	Lot No. PT 8698-8709, 8711-8724, 8726-8727 and Lot 23142 (Geran 211910), Bandar Seremban, Daerah Seremban, Negeri Sembilan	Matrix	Vacant commercial lands for the future development of Lobak Commercial Centre	Building	7.1	Freehold / Perpetuity	PT 8711-8727 and Lot 23142 is charged to Maybank Islamic Berhad	N/A	14,107	15,770 / 28 February 2013 / Comparison method	(1)1,663
4.	Lot No. PT 3098-3121, 3172-3203 and 3030, Taman Desa PD, Mukim Linggi, Port Dickson, Negeri Sembilan	Matrix	Vacant residential lands for the on-going development of Taman Desa PD 3 and the future development of Taman Desa PD 4	Building	9.0	Freehold / Perpetuity	Nil	N/A	628	N/A	N/A
5.	Lot 4789, Geran Mukim 1956, Mukim Pedas, Rembau, Negeri Sembilan	Matrix	Vacant commercial lot	Building	0.3	Freehold / Perpetuity	Nil	N/A	184	N/A	N/A

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No.	Property identification / Location	Registered owner / Beneficial owner	Description & existing use	Category of land use	Land area acres	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012	Market value	
										RM'000	RM'000
6.	PN34796, Lot 18243, Mukim Ulu Sungai Johor, Daerah Kota Tinggi, Negeri Johor	Seventech	Vacant residential land	Building	18.4	Freehold / Perpetuity	Nil	N/A	172	N/A	N/A

Note:
(1)

The revaluation surplus based on the valuation carried out on the respective dates have not and will not be incorporated in the financial statements of the respective companies in the Group.

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8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

8.3 PROPERTIES HELD FOR SALE

As at the LPD, details of the properties which are held for sale by our Group are as follows:

No.	Property identification / Location	Registered owner	Description & existing use	Category of land use	Land/ Built up area acres/sqm	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
1.	Lot 6880 (GRN 160388), Lot 6881 (GRN 160387), Lot 6888 (GRN 160380), Lot 6890 (GRN 160378) and Lot 6891 (GRN 160377) (formerly known as PT 1587, 1586, 1579, 1577 and 1576 respectively), Mukim Juasseh, Kuala Pilah, Negeri Sembilan / Taman Putra, Kuala Pilah, Negeri Sembilan	Masuda Corporation	Commercial lands with five units of single-storey shop offices	Building	0.2 acres / 615 sqm	Freehold / Perpetuity	Charged to CIMB Bank Berhad	26 June 2000	382	N/A	N/A

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

No. / Location	Property identification	Registered owner	Description & existing use	Category of land use	Built up area / acres/sqm	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
2.	PT 23671, 23683-23686, Lot 32453 (Geran 3890), Lot 32458 (Geran 3896), Lot 32459 (Geran 3897), Lot 32461 (Geran 3899), and PT 23696-23698, Lot 32465 (Geran 3903) Mukim Labu, Daerah Seremban, Negeri Sembilan / Taman Gadong Jaya, Seremban, Negeri Sembilan	Insani Utama	Residential lands with thirteen units of low cost houses	Building	0.3 acres / 888 sqm	Freehold / Perpetuity	Nil	18 September 2003	383	N/A	N/A
3.	PT 4942, Bandar Sri Sendayan, Seremban, Negeri Sembilan	MBI	Single-storey stall	Building	247.5 sqm / 247.5 spm	Freehold / Perpetuity	Nil	28 December 2011	600	N/A	N/A

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

Property identification No. / Location	Registered owner	Description & existing use	Category of land use	Land/ Built up area acres/sqm	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value /	
									Date of valuation / Method of valuation	Valuation surplus / (deficit) RM'000
4. PTD 71605 and PTD 71739, Taman Sri Impian, Kluang, Johor	Matrix	1 unit single-storey bungalow and 1 unit double-storey bungalow	Building	899 sqm / 603 sqm	Freehold / Perpetuity	Nil	21 November 2012	441	N/A	N/A

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8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)**8.4 PROPERTIES HELD FOR INVESTMENT**

As at the LPD, details of the properties which are held for investment by our Group are as follows:

No.	Property identification / Location	Registered owner / Beneficial owner	Description & existing use	Category of land use	Built up area / Land/ sqm	Tenure	Encumbrance	Date of issuance of CF / CCC	Audited NBV as at 31 December 2012 RM'000	Market value / Date of valuation / Method of valuation RM'000	Valuation surplus / (deficit) RM'000
1.	Lot 26736 (Geran 92972 M1/2/27-29, 31,33,35,37, 38); Lot 26739 (Geran 92973, M1/2/14-22; M2/2/37-38,40-50; M3/2/58-64; M4/2/73-80; M5/2/93-99, 101-104), Mukim Labu, Daerah Seremban, Negeri Sembilan / Taman Gadong Jaya, Seremban, Negeri Sembilan	Juwasan Maju	Residential lands with 56 vacant low cost townhouse units	Building	6,354 sqm / 3,621 sqm	Freehold / Perpetuity	Nil	11 January 2003	1,400	N/A	N/A

8. PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

As at the LPD, the properties disclosed above in Sections 8.1 to 8.4 are in compliance with the relevant land use conditions / permissible land use, land laws and building regulations where applicable.

8.5 ACQUISITION OF PROPERTIES DURING THE TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Save as disclosed below, our Group had not acquired any properties during the last two (2) years preceding the date of this Prospectus:

Details of transaction	Purchase consideration RM'000
BSS Development had entered into a sales and purchase agreement with Gardenia Success Sdn Bhd on 29 September 2011 for the purchase of two (2) freehold commercial lands held under HS(D) 199823 PT 5607 (now known as Geran 218970 Lot 1118), Bandar Sri Sendayan, Daerah Seremban, State of Negeri Sembilan Darul Khusus measuring approximately 101.7 acres and HS(D) 199824 PT 5608 (now known as Geran 218971 Lot 1119), Bandar Sri Sendayan, Daerah Seremban, State of Negeri Sembilan measuring approximately 58.3 acres. The acquisitions were completed on 4 August 2012.	52,264
Matrix had entered into a sales and purchase agreement with Resort & Leisure Homes Sdn Bhd on 20 February 2013 for the purchase of one (1) piece of freehold residential land held under GRN 18485, Lot 921, Mukim of Si Rusa, Port Dickson, Negeri Sembilan Darul Khusus measuring approximately 5.0 acres .	11,560

As at the LPD, there is no material plant and equipment held or properties leased by our Group. The revaluation surpluses based on the valuations carried out on the respective dates have not and will not be incorporated in the financial statements of the respective companies in the Group.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Promoters and substantial shareholders' shareholdings

The promoters and substantial shareholders' shareholdings in our Company before and after the IPO are as follows:

Name	Nationality / Place of Incorporation	Before the IPO			After the IPO			Upon full exercise of ESOS Options					
		No. of Shares held	%	No. of Shares held	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%			
Dato' Lee Tian Hock	Malaysian	63,884,052	26.90	(1)110,047,370	46.34	59,884,052	19.96	(1)85,547,370	28.52	^60,084,052	18.21	(1)85,547,370	25.92
Shining Term	Malaysia	48,335,706	20.35	-	-	48,335,706	16.11	-	-	48,335,706	14.65	-	-
Ambang Kuasa	Malaysia	29,948,199	12.61	-	-	14,948,199	4.98	-	-	14,948,199	4.53	-	-
Magnitude Point	Malaysia	27,620,407	11.63	-	-	19,120,407	6.37	-	-	19,120,407	5.79	-	-
Target Venue	Malaysia	15,191,220	6.40	-	-	11,191,220	3.73	-	-	11,191,220	3.39	-	-
Fine Approach	Malaysia	14,500,712	6.11	-	-	12,500,712	4.17	-	-	12,500,712	3.79	-	-
Ho Kong Soon	Malaysian	6,946,752	2.92	(2)15,191,220	6.40	6,946,752	2.32	(2)15,191,220	5.06	^7,146,752	2.17	(2)15,191,220	4.60
Datin Yong Chou Lian	Malaysian	2,071,529	0.87	(3)50,407,235	21.22	1,071,529	0.36	(3)50,407,235	16.80	1,071,529	0.32	(3)50,407,235	15.27
Ah Sam	Malaysian	-	-	(4)15,191,220	6.40	-	-	(4)11,191,220	3.73	-	-	(4)11,191,220	3.39
Lee Tian Huat	Malaysian	-	-	(5)14,500,712	6.11	-	-	(5)12,500,712	4.17	-	-	(5)12,500,712	3.79
Yong Soi Mee	Malaysian	-	-	(6)14,500,712	6.11	-	-	(6)12,500,712	4.17	-	-	(6)12,500,712	3.79

Promoters and substantial shareholders

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Nationality / Place of Incorporation	Before the IPO		After the IPO		Upon full exercise of ESOS Options	
		No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Promoters							
Meridian Effect	Malaysia	11,738,674	4.94	8,738,674	2.91	8,738,674	2.65
Yakin Teladan	Malaysia	2,071,529	0.87	2,071,529	0.69	2,071,529	0.63
Lee Tian Onn	Malaysian	(6)11,738,674	4.94	*100,000	0.03	^200,000	0.06
Tan Bee Ling	Malaysian	(6)11,738,674	4.94	-	-	-	-
Lee Geok Lin	Malaysian	-	-	*70,000	0.02	^140,000	0.04
Lee Geok Hoon	Malaysian	-	-	*70,000	0.02	^140,000	0.04
Lee Yoke Bee	Malaysian	-	-	*30,000	0.01	^60,000	0.02
Lee Yoke Fong	Malaysian	-	-	-	-	-	-
Teh Wei Cin	Malaysian	-	-	-	-	-	-
Cheong Yong Chieh	Malaysian	-	-	*50,000	0.02	^120,000	0.04
Yong Ghee Kiat	Malaysian	-	-	-	-	-	-
Yong Ing Kiat	Malaysian	-	-	-	-	-	-
Substantial shareholders							
Supreme Interest	Malaysia	15,191,220	6.40	15,191,220	5.06	15,191,220	4.60
Tan Wan Fook	Malaysian	(7)29,948,199	12.61	-	-	(7)14,948,199	4.53
Alice Tan Kham Chow	Malaysian	(2)15,191,220	6.40	-	-	(2)15,191,220	4.60

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Notes:

- (1) Deemed interested by virtue of his direct shareholdings in Shining Term, Ambang Kuasa, Magnitude Point and Yakin Teladan pursuant to Section 6A of the Act and the shareholdings of his spouse, Datin Yong Chou Lian pursuant to Section 134(12)(c) of the Act.
- (2) Deemed interested by virtue of their direct shareholdings in Supreme Interest pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of her direct shareholdings in Shining Term and Yakin Teladan pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of her direct shareholdings in Target Venue pursuant to Section 6A of the Act.
- (5) Deemed interested by virtue of their direct shareholdings in Fine Approach pursuant to Section 6A of the Act.
- (6) Deemed interested by virtue of their direct shareholdings in Meridian Effect pursuant to Section 6A of the Act.
- (7) Deemed interested by virtue of his direct shareholdings in Ambang Kuasa pursuant to Section 6A of the Act.
- * Assuming that the Public Issue Shares allocated to them under the pink form allocations being eligible employees are fully subscribed.
- ^ Assuming that the ESOS Options allocated to them under the ESOS are fully exercised.

9.1.2 Profiles of promoters and substantial shareholders

The profiles of our promoters and substantial shareholders are as follows:

(i) Dato' Lee Tian Hock

Please refer to Section 9.2.2 for the profile of Dato' Lee Tian Hock.

(ii) Shining Term

Shining Term was incorporated as a private limited company on 17 May 2002 in Malaysia under the Act. Shining Term has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM2.00 comprising 2 ordinary shares of RM1.00 each have been fully issued and paid-up. The principal activity of Shining Term is investment holding.

The directors and substantial shareholders of Shining Term and their respective shareholdings in Shining Term as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Directors and substantial shareholders					
Dato' Lee Tian Hock	Malaysian	1	50.00	⁽¹⁾ 1	50.00
Datin Yong Chou Lian	Malaysian	1	50.00	⁽¹⁾ 1	50.00

Note:

- (1) Deemed interested by virtue of his/her spouse's substantial interest in Shining Term.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(iii) Ambang Kuasa

Ambang Kuasa was incorporated as a private limited company on 5 August 2005 in Malaysia under the Act. Ambang Kuasa has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM2.00 comprising 2 ordinary shares of RM1.00 each have been fully issued and paid-up. The principal activity of Ambang Kuasa is investment holding.

The directors and substantial shareholders of Ambang Kuasa and their respective shareholdings in Ambang Kuasa as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Director and substantial shareholder					
Tan Wan Fook	Malaysian	1	50.00	-	-
Director					
Tiong Chin Soon	Malaysian	-	-	-	-
Substantial shareholder					
Dato' Lee Tian Hock	Malaysian	1	50.00	-	-

(iv) Magnitude Point

Magnitude Point was incorporated as a private limited company on 8 May 2002 in Malaysia under the Act. Magnitude Point has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM1,000 comprising 1,000 ordinary shares of RM1.00 each have been fully issued and paid-up. The principal activities of Magnitude Point is investment holding.

The directors and substantial shareholders of Magnitude Point and their respective shareholdings in Magnitude Point as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Directors and substantial shareholders					
Lee Tian Onn	Malaysian	135	13.50	-	-
Tung Ah Qui	Malaysian	90	9.00	-	-
Tiong Ting Hap	Malaysian	60	6.00	-	-
Substantial shareholders					
Dato' Lee Tian Hock	Malaysian	210	21.00	-	-
Lee Yoke Bee	Malaysian	100	10.00	-	-
Ah Sam	Malaysian	100	10.00	-	-
Target Venue Sdn Bhd	Malaysia	130	13.00	-	-
Yong Ghee Kiat	Malaysian	60	6.00	-	-

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(v) Target Venue

Target Venue was incorporated as a private limited company on 11 July 2002 in Malaysia under the Act. Target Venue has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM100 comprising 100 ordinary shares of RM1.00 each have been fully issued and paid-up. The company is principally involved in investment holding.

The directors and substantial shareholders of Target Venue and their respective shareholdings in Target Venue as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Directors and substantial shareholders					
Teh Wei Cin	Malaysian	10	10.00	⁽¹⁾ 10	10.00
Lee Geok Lin	Malaysian	10	10.00	⁽¹⁾ 10	10.00
Lee Geok Hoon	Malaysian	10	10.00	⁽¹⁾ 10	10.00
Substantial shareholders					
Ah Sam	Malaysian	40	40.00	-	-
Lee Yoke Bee	Malaysian	10	10.00	-	-
Lee Yoke Fong	Malaysian	10	10.00	-	-
Cheong Yong Chieh	Malaysian	10	10.00	⁽¹⁾ 10	10.00

Note:

(1) Deemed interested by virtue of his/her spouse's substantial interest in Target Venue.

(vi) Fine Approach

Fine Approach was incorporated as a private limited company on 16 September 2002 in Malaysia under the Act. Fine Approach has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM2.00 comprising 2 ordinary shares of RM1.00 each have been fully issued and paid-up. The principal activity of Fine Approach is investment holding.

The directors and substantial shareholders of Fine Approach and their respective shareholdings in Fine Approach as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Directors and substantial shareholders					
Lee Tian Huat	Malaysian	1	50.00	⁽¹⁾ 1	50.00
Yong Soi Mee	Malaysian	1	50.00	⁽¹⁾ 1	50.00

Note:

(1) Deemed interested by virtue of his/her spouse's substantial interest in Fine Approach.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**(vii) Ho Kong Soon**

Please refer to Section 9.2.2 for the profile of Ho Kong Soon.

(viii) Datin Yong Chou Lian

Datin Yong Chou Lian, a Malaysian aged 51, started her career as a clerk at the Mini Post Office in Bukit Pelandok, Negeri Sembilan from 1980 to 1987. In 2010, she started her own business and currently holds various business interests including in the property investment holding, operation of petrol station and convenience store, food and beverages as well as trading of building materials. Datin Yong Chou Lian is presently a shareholder and director of Strategic Castle Sdn Bhd, Takrif Maksimum Sdn Bhd, Varia Lumayan Sdn Bhd, Bidara Pesona Sdn Bhd and Sumix Concrete Products Sdn Bhd. She is also a shareholder of Y&Y Mix Sdn Bhd.

(ix) Ah Sam

Ah Sam, a Malaysian aged 77, had managed her family business in livestock farming since 1970. She has since retired from managing the said business in 1996. She is currently a shareholder in Matrix Hiasan Sdn Bhd which is involved in interior design and renovation works.

(x) Lee Tian Huat

Lee Tian Huat, a Malaysian aged 52, is a businessman. He obtained a Bachelor of Science in 1984 and a Masters of Science in 1989, both from Universiti Malaya. He began his career in 1987 as a Production Supervisor with Asahi Electronics (M) Sdn Bhd in Kluang, Johor. In 1990 he resigned from Asahi Electronics (M) Sdn Bhd and was appointed as a Senior Production Control Officer with Tamura Electronics (M) Sdn Bhd in Sungai Way Free Trade Zone, Selangor. He resigned from Tamura Electronics (M) Sdn Bhd in 1992. From 1992 to 1993 he was with Nuboard Mah Fah (M) Sdn Bhd in Sg Gadut, Negeri Sembilan as a Production Manager.

In 1994, he joined Matrix as a Sales Co-ordination and Credit Manager. In 1997, he was appointed as a Director of Matrix and was subsequently appointed as our Executive Director in early 2003. He resigned from his position as our Executive Director in October 2010 and joined Matrix Hiasan Sdn Bhd. He is presently a shareholder and director of Chuan Song Electrical Sdn Bhd, Progressive Flow Sdn Bhd, Matrix Hiasan Sdn Bhd and LTH Plantations Sdn Bhd which are mainly involved in provision of electrical engineering services, property investment holding, interior design and renovation works as well as plantation.

(xi) Yong Soi Mee

Yong Soi Mee, a Malaysian aged 45, is a shareholder and director of Progressive Flow Sdn Bhd, a property investment holding company and LTH Plantations Sdn Bhd, a plantation company.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(xii) Meridian Effect

Meridian Effect was incorporated as a private limited company on 2 July 2002 in Malaysia under the Act. Meridian Effect has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM2.00 comprising 2 ordinary shares of RM1.00 each have been fully issued and paid-up. The principal activity of Meridian Effect is investment holding.

The directors and substantial shareholders of Meridian Effect and their respective shareholdings in Meridian Effect as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Directors and substantial shareholders					
Lee Tian Onn	Malaysian	1	50.00	⁽¹⁾ 1	50.00
Tan Bee Ling	Malaysian	1	50.00	⁽¹⁾ 1	50.00

Note:

(1) Deemed interested by virtue of his/her spouse's substantial interest in Meridian Effect.

(xiii) Yakin Teladan

Yakin Teladan was incorporated as a private limited company on 4 April 2002 in Malaysia under the Act. Yakin Teladan has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM2.00 comprising 2 ordinary shares of RM1.00 each have been fully issued and paid-up. The principal activity of Yakin Teladan is investment holding.

The directors and substantial shareholders of Yakin Teladan and their respective shareholdings in Yakin Teladan as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Directors and substantial shareholders					
Dato' Lee Tian Hock	Malaysian	1	50.00	⁽¹⁾ 1	50.00
Datin Yong Chou Lian	Malaysian	1	50.00	⁽¹⁾ 1	50.00

Note:

(1) Deemed interested by virtue of his/her spouse's substantial interest in Yakin Teladan.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**(xiv) Lee Tian Onn**

Lee Tian Onn, a Malaysian aged 54, was appointed to the Board in February 1997 and resigned as our Director on 2 April 2012. However, he still maintains a role in our Company as director of certain subsidiaries of our Group. In his current capacity, his responsibility includes overseeing the Group's project management. He has nearly 30 years of experience in various industries ranging from plantation, electronics and business development. He started his career in 1979 by assisting in his family's livestock farming business until 1995. In 1996, he set up Rekalight Sdn Bhd, a lighting shop, in Seremban as a partner.

(xv) Tan Bee Ling

Tan Bee Ling, a Malaysian aged 53, was previously involved in the family's business of livestock farming, assisting Ah Sam. She is currently a homemaker.

(xvi) Lee Geok Lin

Lee Geok Lin, a Malaysian aged 42, holds a Diploma in Commerce (Management Accounting) from Kolej Tunku Abdul Rahman which she obtained in 1995. She started her career as an Account Assistant with Arab-Malaysian Construction Sdn Bhd in 1995 and left after 1 year to join Inter Merger Project Management Sdn Bhd as an Account Executive. Subsequently, she left to join MCHB Management in 2000 whereby she is currently an Assistant Account Manager.

(xvii) Lee Geok Hoon

Lee Geok Hoon, a Malaysian aged 42, holds a London Chamber of Commerce and Industry Certificate from Locke Academy, Seremban which she obtained in 1990. She started her career as an Accounts Clerk with Allson Klana Resort, Seremban in 1992 and resigned in 1995. In 1995, she joined Concorde Inn, Sepang as an Accounts Assistant before leaving in 1996 to join Inverfin Sdn Bhd, which is part of the Lion Group Berhad's property division. She resigned in 1999 from Inverfin Sdn Bhd and joined MCHB Management in 2000 and is currently an Assistant Sales and Administration Manager.

(xviii) Lee Yoke Bee

Lee Yoke Bee, a Malaysian aged 51, joined Pembinaan Juwasan in 2005 as an administration executive and still holds that position to this present day.

(xix) Lee Yoke Fong

Lee Yoke Fong, a Malaysian aged 49, is a homemaker.

(xx) Teh Wei Cin

Teh Wei Cin, a Malaysian aged 42, holds a Certificate in Accounting with Business Computing from Kolej Tunku Abdul Rahman which he obtained in 1992. He started his career with Up-Trend Chair Line Sdn Bhd in 1996 and left as a Sales Executive in 2000 to join MCHB Management. He resigned from the Company in July 2011.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(xxi) Cheong Yong Chieh

Cheong Yong Chieh, a Malaysian aged 41, was previously an Executive Chef with City Bayview Hotel, Malacca and Executive Sous Chef with Costa Rica Hotel, Port Dickson between 1999 and 2000. He joined Integrated Food System and Services, Glenmarie, Shah Alam in 2000 as Production Chef and he subsequently resigned in 2002. He joined MCHB Management in 2002 as a Site Executive and is currently a Sales and Administration Manager. He also owns businesses in the food and beverage industry.

(xxii) Yong Ghee Kiat

Yong Ghee Kiat, a Malaysian aged 58, is a businessman. Prior to his present business endeavours, he was mainly involved in his own livestock farming and agriculture business. His current business interests are principally involved in the trading of building materials, construction, rental of construction machineries and investment holding. He is currently a shareholder of Y&Y Mix Sdn Bhd, Tong Swee Long Holdings Sdn Bhd and TSL Supplies Sdn Bhd. At present, he is also a shareholder and director of several private limited companies.

(xxiii) Yong Ing Kiat

Yong Ing Kiat, a Malaysian aged 43, is a businessman. He holds a Diploma in Graphic Design from Saito College which he obtained in 1991. He commenced his career in 1993 as a draftman with Juruhiasan Construction Sdn Bhd. He resigned from Juruhiasan Construction Sdn Bhd in 1995. Subsequently in 1995, he joined BT Interior Design Sdn Bhd as a Designer. After 2 years, he left to set up his own business which is involved in the trading of exercise equipment. His business interests are mainly involved in the trading of building materials, trading of exercise equipment, investment holding, trading and transportation. He is currently a shareholder and director of Y&Y Mix Sdn Bhd, Tong Swee Long Holdings Sdn Bhd, Leisure Scheme Sdn Bhd and TSL Supplies Sdn Bhd. At present, he is also a shareholder and director of several private limited companies.

(xxiv) Supreme Interest

Supreme Interest was incorporated as a private limited company on 9 September 2002 in Malaysia under the Act. Supreme Interest has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM100.00 comprising 100 ordinary shares of RM1.00 each have been fully issued and paid-up. The company is principally involved in investment holding.

The directors and substantial shareholders of Supreme Interest and their respective shareholdings in Supreme Interest as at the LPD are as follows:

Name	Nationality	Shareholding			
		Direct No. of shares	%	Indirect No. of shares	%
Directors and substantial shareholders					
Ho Kong Soon	Malaysian	80	80.00	⁽¹⁾ 20	20.00
Alice Tan Khiam Chow	Malaysian	20	20.00	⁽¹⁾ 80	80.00

Note:

(1) Deemed interested by virtue of his/her spouse's substantial interest in Supreme Interest.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(xxv) Tan Wan Fook

Tan Wan Fook, a Malaysian aged 53, was appointed as a director of Ambang Kuasa in August 2005 and still holds that position to this present day. He obtained his Bachelor of Science with Honours in Computer Science from Universiti Sains Malaysia in 1984. He was previously with Mesiniaga Berhad for 22 years since 1985 before he left in 2006 to set up his own business. His last position with Mesinaga Berhad was as a General Manager, Marketing and Sales Division. He is also a director of CTH Builders Sdn Bhd which is involved in development and construction and Mikayla Hunt Sdn Bhd which is a manpower agency.

(xxvi) Alice Tan Khiam Chow

Alice Tan Khiam Chow, a Malaysian aged 44, is an architect by training. She obtained her London Chambers of Commerce and Industry Certificate in 1997 and subsequently a Diploma of Architecture in 1990 and Bachelor of Architecture (Hons) in 1993, both from Universiti Teknologi Malaysia. In 1993, she obtained her qualification as a Corporate Architect from the Board of Architects Malaysia and as a corporate member of Malaysian Institute of Interior Designers in 1997.

She commenced her career in 1993 with A&A Rekarancang Sdn Bhd as a Graduate Architect and was promoted to an Associate Director before she left the firm in 1997. From 1997 to 2000, she was a Director of AA Arkitek Studio and from 1997 to 2006, she was a Principal of Arkitek Alice Tan. Amongst others, she is currently a director of Anexco Sdn Bhd since 2006.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.1.3 Changes in shareholdings of our promoters and substantial shareholders during the past 3 years

The significant changes in the shareholdings of our promoters and substantial shareholders for the past 3 years up to the LPD are as follows:

Name	As at 31 December 2010			As at 31 December 2011			As at 31 December 2012			As at the LPD					
	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares			
Promoter and substantial shareholders															
Dato' Lee Tian Hock	11,254,286	27.67	⁽¹⁾ 17,234,286	13,745,411	26.90	⁽¹⁾ 23,677,996	46.34	13,745,411	26.90	⁽¹⁾ 23,677,996	46.34	63,884,052	26.90	⁽¹⁾ 110,047,370	46.34
Shining Tern	10,400,000	25.57	-	10,400,000	20.35	-	-	10,400,000	20.35	-	-	48,335,706	20.35	-	-
Ambang Kuasa	-	-	-	6,443,710	12.61	-	-	6,443,710	12.61	-	-	29,948,199	12.61	-	-
Magnitude Point	5,942,858	14.61	-	5,942,858	11.63	-	-	5,942,858	11.63	-	-	27,620,407	11.63	-	-
Target Venue	3,268,571	8.04	-	3,268,571	6.40	-	-	3,268,571	6.40	-	-	15,191,220	6.40	-	-
Fine Approach	3,120,000	7.67	-	3,120,000	6.11	-	-	3,120,000	6.11	-	-	14,500,712	6.11	-	-
Ho Kong Soon	-	-	⁽²⁾ 3,268,571	1,494,676	2.92	⁽²⁾ 3,268,571	6.40	1,494,676	2.92	⁽²⁾ 3,268,571	6.40	6,946,752	2.92	⁽²⁾ 15,191,220	6.40
Datin Yong Chou Lian	445,714	1.10	⁽³⁾ 10,845,714	445,714	0.87	⁽³⁾ 10,845,714	21.22	445,714	0.87	⁽³⁾ 10,845,714	21.22	2,071,529	0.87	⁽³⁾ 50,407,235	21.22
Ah Sam	-	-	⁽⁴⁾ 3,268,571	-	-	⁽⁴⁾ 3,268,571	6.40	-	-	⁽⁴⁾ 3,268,571	6.40	-	-	⁽⁴⁾ 15,191,220	6.40
Lee Tian Huat	-	-	⁽⁵⁾ 3,120,000	-	-	⁽⁵⁾ 3,120,000	6.11	-	-	⁽⁵⁾ 3,120,000	6.11	-	-	⁽⁵⁾ 14,500,712	6.11
Yong Soi Mee	-	-	⁽⁵⁾ 3,120,000	-	-	⁽⁵⁾ 3,120,000	6.11	-	-	⁽⁵⁾ 3,120,000	6.11	-	-	⁽⁵⁾ 14,500,712	6.11
Promoters															
Meridian Effect	2,525,715	6.21	-	2,525,715	4.94	-	-	2,525,715	4.94	-	-	11,738,674	4.94	-	-
Yakin Teladan	445,714	1.10	-	445,714	0.87	-	-	445,714	0.87	-	-	2,071,529	0.87	-	-
Lee Tian Onn	-	-	⁽⁶⁾ 2,525,715	-	-	⁽⁶⁾ 2,525,715	4.94	-	-	⁽⁶⁾ 2,525,715	4.94	-	-	⁽⁶⁾ 11,738,674	4.94
Tan Bee Ling	-	-	⁽⁶⁾ 2,525,715	-	-	⁽⁶⁾ 2,525,715	4.94	-	-	⁽⁶⁾ 2,525,715	4.94	-	-	⁽⁶⁾ 11,738,674	4.94
Lee Geok Lin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lee Geok Hoon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lee Yoke Bee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lee Yoke Fong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Teh Wei Cin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cheong Yong Chieh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	As at 31 December 2010			As at 31 December 2011			As at 31 December 2012			As at the LPD		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Promoters (cont'd)												
Yong Ing Kiat	-	-	-	-	-	-	-	-	-	-	-	-
Yong Ghee Kiat	-	-	-	-	-	-	-	-	-	-	-	-
Substantial shareholders												
Supreme Interest	3,268,571	-	8.04	3,268,571	-	6.40	3,268,571	-	6.40	15,191,220	-	6.40
Tan Wan Fook	-	-	-	-	(7)6,443,710	12.61	-	-	(7)6,443,710	12.61	-	(7) 29,948,199 12.61
Alice Tan Khiam Chow	-	(2)3,268,571	8.04	-	(2)3,268,571	6.40	-	-	(2)3,268,571	6.40	-	(2) 15,191,220 6.40

Notes:

- (1) Deemed interested by virtue of his direct shareholdings in Shining Term, Ambang Kuasa, Magnitude Point and Yakin Teladan pursuant to Section 6A of the Act and the shareholdings of his spouse, Datin Yong Chou Lian pursuant to Section 134(12)(c) of the Act.
- (2) Deemed interested by virtue of their direct shareholdings in Supreme Interest pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of her direct shareholdings in Shining Term and Yakin Teladan pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of her direct shareholdings in Target Venue pursuant to Section 6A of the Act.
- (5) Deemed interested by virtue of their direct shareholdings in Fine Approach pursuant to Section 6A of the Act.
- (6) Deemed interested by virtue of their direct shareholdings in Meridian Effect pursuant to Section 6A of the Act.
- (7) Deemed interested by virtue of his direct shareholdings in Ambang Kuasa pursuant to Section 6A of the Act.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.2 DIRECTORS

9.2.1 Directors' shareholdings

The Directors' shareholdings in our Company before and after the IPO are as follows:

Name	Designation	Before the IPO			After the IPO			Upon full exercise of ESOS Options		
		Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%
		No. of Shares held	No. of Shares held	%	No. of Shares held	No. of Shares held	%	No. of Shares held	No. of Shares held	%
Dato' Haji Mohamad Haslah bin Mohamad Amin	Non-Independent Chairman	-	-	-	*150,000	-	0.05	^350,000	-	0.11
Dato' Lee Tian Hock	Group Managing Director / Chief Executive	63,884,052	(1) 10,047,370	46.34	59,884,052	(1) 85,547,370	28.52	^60,084,052	(1) 85,547,370	25.92
Ho Kong Soon	Group Deputy Managing Director / Chief Operating Officer	6,946,752	(2) 15,191,220	6.40	6,946,752	(2) 15,191,220	5.06	^7,146,752	(2) 15,191,220	4.60
Dato' Firdaus Mohamad Rom bin Harun	Independent Director	-	-	-	*150,000	-	0.05	^250,000	-	0.08
Rezai Zain bin Abdul Rashid	Independent Non-Executive Director	-	-	-	*150,000	-	0.05	^250,000	-	0.08
Dato' Ir. Batumalai a/l Ramasamy	Independent Non-Executive Director	-	-	-	*150,000	-	0.05	^250,000	-	0.08

Notes:

(1) Deemed interested by virtue of his direct shareholdings in Shining Term, Ambang Kuasa, Magnitude Point and Yakin Teladan and the shareholdings of his spouse, Datin Yong Chou Lian.

(2) Deemed interested by virtue of his direct shareholdings in Supreme Interest.

* Assuming that the Public Issue Shares allocated to them under the pink form allocations being eligible Directors are fully subscribed.

^ Assuming that the ESOS Options allocated to them under the ESOS are fully exercised.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.2.2 Profiles of Directors

The profiles of our Directors are set out below:

(i) Dato' Haji Mohamad Haslah bin Mohamad Amin

Dato' Haji Mohamad Haslah bin Mohamad Amin, a Malaysian aged 60, is our Non-Independent Non-Executive Chairman. He was appointed to the Board on 2 April 2012. He holds a Diploma in Banking from the Institute of Bankers, London, United Kingdom, which he obtained in 1975.

Dato' Haji Mohamad Haslah started his career with the Malayan Banking Berhad ("**Maybank**") group as a trainee in 1974. Some of the key positions held by Dato' Haji Mohamad Haslah during his 20 years with the Maybank group were Branch Manager and Regional Manager of Malayan Banking Berhad, Malaysia and President Director of PT Maybank Nusa International, Indonesia. In 1995, he resigned from the Maybank Group and was appointed as the Executive Director of Peregrine Fixed Income Limited, Hong Kong. He subsequently resigned in 1999 and joined Fleet Boston NA, Singapore, as Country Director from 1999 to 2000. He then joined Pacific Plywood Holdings Limited, Hong Kong, as Financial Advisor from 2000 to 2001. From 2001 to 2004, he was appointed as Director of several private limited companies.

He is presently the Chief Executive Officer of MBI, a Negeri Sembilan State owned entity, since 2004. He also sits on the boards of numerous private limited companies.

(ii) Dato' Lee Tian Hock

Dato' Lee Tian Hock, a Malaysian aged 55, is our Group Managing Director / Chief Executive Officer and is also the founder of the Matrix Concepts Group. He was appointed to the Board on 4 March 1997. He is a graduate in Housing, Building and Planning, having obtained his degree from Universiti Sains Malaysia in 1983. He currently spearheads the Group's business direction and overall strategies and policies.

He has approximately 30 years of experience in the property development industry. In 1983, he started his career as a Project Executive with Johor-based South Pacific Textile Industries Sdn Bhd where he was involved in the development of a mixed housing development scheme known as Taman Kalimas in Batu Pahat and Condominium Fontana Heights in Singapore with a GDV of approximately RM30 million. His main responsibilities were to supervise the project as well as assist in liaising with the authorities. He resigned from South Pacific Textile Industries Sdn Bhd in 1985. From 1985 to 1988, he was an Assistant Project Manager with Menang Holdings Sdn Bhd where he was involved in the development of Taman Rasah Jaya. The said housing scheme, which had a GDV of RM400 million, was the largest housing scheme in Negeri Sembilan at that point in time.

Subsequently, he held the position of a Construction Manager with Chong Ah Chai Constructions which constructed estate quarters and bungalows in Bukit Lawang Estate near Kulai, Johor for Golden Hope Plantation Berhad from 1988 to 1990.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 1990, he found employment as a Project Manager with N.S. Industrial Development Corporation Sdn Bhd where he was involved in the development of Nilai Industrial Development Phase II and Taman Semarak, both in Negeri Sembilan. In 1992, he was promoted to General Manager and was seconded to NS Township Development Sdn Bhd where he was involved in the general management of the development of the Bandar Baru Nilai Township (now known as Putra Nilai) which covers an area of approximately 6,000 acres and with a GDV of approximately RM5.5 billion.

In 1995, Dato' Lee Tian Hock resigned from N.S. Industrial Development Corporation Sdn Bhd and was appointed as the Managing Director of Semangat Tinggi Sdn Bhd which developed 260 units of luxurious bungalows with a total estimated GDV of RM55 million known as Sikamat Acasia Country Heights in Seremban. After the successful launch of the said project whereby 80% of the bungalow units were sold, he sold off his equity interest in the company in 1997, comprising 50,000 ordinary shares representing 20% of the issued and paid-up capital of Semangat Tinggi Sdn Bhd, to set-up Matrix Concepts.

He founded the Matrix Concepts Group in 1997 and was appointed as our Managing Director. He oversaw the development of the first 595 units of medium cost mixed housing scheme known as Taman Bahau in Bahau, Negeri Sembilan. Taman Bahau was launched by the then Menteri Besar of Negeri Sembilan on 7 August 1997 and was completed within a year and a half with a GDV of approximately RM35 million. Since then, he has successfully led the Group to become a reputable developer in Negeri Sembilan and Johor including two major townships which are flagship developments of the Group among many other mixed residential and commercial developments.

He is also a shareholder and Director of Strategic Castle Sdn Bhd, Takrif Maksimum Sdn Bhd, Varia Lumayan Sdn Bhd and Bidara Pesona Sdn Bhd.

(iii) Ho Kong Soon

Ho Kong Soon, a Malaysian aged 46, is our Group Deputy Managing Director / Chief Operating Officer. He was appointed to the Board on 30 December 2002. He obtained a Bachelor of Engineering degree from University of Malaya in 1992. His current responsibilities include overall project management as well as overseeing the daily operations of the Group.

He started his career in 1992 as a Project Engineer in NS Industrial Development Sdn Bhd and was involved in the development of the Allson Klana Resort Hotel, Kasturi Klana Park Condominium and the Taman Semarak housing scheme, all in Negeri Sembilan. In 1994, he was promoted to Project Manager in the same company and was put in charge of project feasibility study and the initial planning of the 6,000-acre Nilai New Township in Negeri Sembilan. In 1995, he resigned from NS Industrial Development Sdn Bhd and joined Potential Region Sdn Bhd as Project Manager and was involved in the development of a 220-acre orchard homestead resort in Port Dickson, Negeri Sembilan and 600 units of residential houses in Sri Senawang, Negeri Sembilan. Ho Kong Soon resigned from Potential Region Sdn Bhd in 1997.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

He joined our Group in 1997 as a Director and General Manager of Matrix and oversaw the implementation of the Taman Bahau and Seri Telawi projects in Negeri Sembilan. He was appointed in his current tenure as Group Deputy Managing Director / Chief Operating Officer of our Group in 2012. He is also a Director of Anexco Sdn Bhd, a company involved in property rental and provision of maintenance.

(iv) Dato' Firdaus Muhammad Rom bin Harun

Dato' Firdaus Muhammad Rom bin Harun, a Malaysian aged 63, is our Independent Non-Executive Director. He was appointed to the Board on 2 April 2012. He is currently the Chairman of the Nomination Committee and a Member of the Audit Committee and Remuneration Committee. He holds a certificate in Public Relations from the Institute of Public Relations, London, which he obtained in year 1974 and a diploma in Marketing from the Chartered Institute of Marketing, United Kingdom, which he obtained in year 1990.

Dato' Firdaus Muhammad Rom bin Harun has over 39 years of experience in the corporate sector and civil service. He began his career as a Public Relation Officer in the Fisheries Development Authority in the Ministry of Agriculture in year 1973 until 1980. In year 1981, he joined Amanah Saham Nasional Berhad ("ASNB") as a Marketing Executive based at ASNB's headquarters in Kuala Lumpur. In year 1982, he was appointed as a Manager of ASNB's Negeri Sembilan Branch. He was then promoted in year 1984 to Regional Manager of the Southern Region, covering Negeri Sembilan, Melaka and Johor. In year 1987, he was promoted to the Head of Analysis and Research Unit and Assistant Manager of the Marketing Department of ASNB. He was further promoted to Manager and Senior Manager of the Marketing Department of ASNB in year 1991 and year 1994 respectively. In year 1994, he held the position of Senior Manager in the Branch Operations Department of ASNB. He subsequently resigned from ASNB in 1995.

In year 1995, Dato' Firdaus Muhammad Rom bin Harun became a Member of the Negeri Sembilan State Legislative Assembly for Chembong. In year 2004, he was elected as a Member of Parliament for the Constituency of Rembau. In year 2008, he was appointed as the Political Secretary to the Menteri Besar of Negeri Sembilan. Presently, Dato' Firdaus Muhammad Rom bin Harun is a training consultant.

(v) Rezal Zain bin Abdul Rashid

Rezal Zain bin Abdul Rashid, a Malaysian aged 46, is our Independent Non-Executive Director. He was appointed to the Board on 8 August 2012. He is currently the Chairman of the Audit Committee and Remuneration Committee and a Member of the Nomination Committee. He holds a Bachelor of Arts (Accounting) degree from the University of Canberra, Australia, which he obtained in year 1989. He is a member of the Malaysian Institute of Accountants and CPA Australia.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

He began his career in audit with KPMG Desa Megat in 1989 until 1993. He then subsequently joined Peat Marwick Consultants in 1993 where he was involved in numerous assignments ranging from the development of policies and procedures, market studies as well as privatisation studies. In 1995, he resigned from Peat Marwick Consultants and joined Arab Malaysian Merchant Bank Bhd ("AMMB") as an Assistant Manager in the corporate finance department where he participated in numerous merger and acquisition exercises.

He left AMMB in 1996 and joined TDM Berhad as a Business Development Manager where he successfully completed several acquisition exercises. In year 1999, he was promoted to Chief Operating Officer of TDM Berhad where he supported the Board of Directors and Chief Executive Officer of TDM Berhad.

Subsequently in 2000, Rezal Zain bin Abdul Rashid successfully completed a management buyout of TD Technologies Sdn Bhd, then a subsidiary of TDM Berhad. Presently, he is a director of TD Technologies Sdn Bhd and also an Independent Non-Executive Director of Fima Corporation Berhad and PJI Holdings Berhad.

(vi) Dato' Ir. Batumalai a/l Ramasamy

Dato' Ir. Batumalai a/l Ramasamy, a Malaysian aged 66, is our Independent Non-Executive Director. He was appointed to the Board on 28 December 2012. He holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia, which he obtained in 1970. He further obtained a Bachelor of Science in Civil Engineering from the University of Aberdeen, Aberdeen, Scotland in 1975. He is a Fellow Member of the Institute of Engineers, Malaysia since 1997 and a Registered Professional Engineer with the Board of Engineers, Malaysia.

Dato' Ir. Batumalai started his career as a Technical Assistant with the Department of Irrigation and Drainage ("DID"), Kuala Lumpur in 1969. During his 5 years there, his main responsibilities were to assist in the planning and designing of drainage and irrigation schemes. He assumed the role of Engineer with the DID, Kuala Lumpur in 1975 prior to being promoted to Project Engineer with the DID, Kedah in 1976. After 12 years with the DID, Kedah, he was promoted to District Engineer with the DID, Perak in 1989 and was subsequently transferred to the DID, Johor in 1991.

He was appointed as Director of the DID, Negeri Sembilan in 1994. After 35 years of service in the DID, he retired in 2003. Presently, he is an Associate Director of O&L Jurutera Perunding, Melaka.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.2.3 Principal directorships and principal business activities outside our Company

Save as disclosed below, none of our Directors has any involvement in business activities performed outside our Company for the past 5 years prior to the LPD:

Name	Name of business/corporation	Principal activity	Nature of interest or involvement
Dato' Haji Mohamad Haslah bin Mohamad Amin	Present directorships:		
	• Anjuran Utama Sdn Bhd	Management Consultancy and Marketing Coordination Services	Director/ shareholder
	• Emerald Spirit Sdn Bhd	Hotel management	Director
	• Hoben Jang Hoben Sdn Bhd	Trading of all kinds of sportswear	Director/ shareholder
	• HR Systems & Consulting Sdn Bhd	Consulting services and general trading	Director/ shareholder
	• KL Metro Sdn Bhd	Property development	Director
	• Klana Management Sdn Bhd	Providing hotel management and consultancy services	Director
	• MAINS Holdings Sdn Bhd	Administrating property development business of MAINS and general trading	Director
	• MAINS Hotel Sdn Bhd	Hotel operations	Director
	• Negeri Roadstone Sdn Bhd	Quarry operations	Director
	• NSB Venture Holdings Sdn Bhd	Dormant	Director
	• Sains ICT Sdn Bhd	Dormant	Director
	• Syarikat Air Negeri Sembilan Sdn Bhd	Distribution and supply of treated water in Negeri Sembilan	Director
	Past directorships:		
	• Citymax Consulting Sdn Bhd (<i>dissolved</i>)	General trading	Director
	• Home Protection Sdn Bhd	Maintenance services	Director
	• Karya Vista Sdn Bhd (<i>dissolved</i>)	General trading	Director/ shareholder
	• Meteoric Alliance Sdn Bhd	Construction	Director
• One Solutions (Negeri Sembilan) Sdn Bhd (<i>dissolved</i>)	General trading	Director	
• Pancut Bumi Sdn Bhd	Dormant	Director	
• Seremban Specialist Hospital Sdn Bhd	Specialist medical centre	Director	

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Name of business/ corporation	Principal activity	Nature of interest or involvement
Dato' Lee Tian Hock	Present directorships:		
	• Bidara Pesona Sdn Bhd	Dormant	Director/ shareholder
	• Matrix IBS Sdn Bhd	Dormant	Director/ shareholder
	• Shining Term	Investment holding	Director/ shareholder
	• Strategic Castle Sdn Bhd	Property investment holding	Director/ shareholder
	• Takrif Maksimum Sdn Bhd	Operators of petrol station and convenience store	Director/ shareholder
	• Varia Lumayan Sdn Bhd	Operators of food and beverage	Director/ shareholder
	• Yakin Teladan	Investment holding	Director/ shareholder
	Past directorships:		
	• 5G Multimedia Sdn Bhd	Provision of information services	Director
	• CTH Builders Sdn Bhd	Building construction and development	Director
	• Konstrado Sdn Bhd (dissolved)	Construction	Director/ shareholder
	• Kukup Laut Resort Hotel Sdn Bhd (dissolved)	Resort management	Director/ shareholder
	• Kukup Laut Resort Management Services Sdn Bhd (dissolved)	Resort management	Director/ shareholder
• Natgas Sdn Bhd (dissolved)	Dealing in gas products	Director/ shareholder	
Ho Kong Soon	Present directorships:		
	• Anexco Sdn Bhd	Property letting and provision of maintenance services	Director/ shareholder
	• Matrix IBS Sdn Bhd	Dormant	Director/ shareholder
	• Supreme Interest	Investment holding	Director/ shareholder
	Past directorships:		
	• 5G Multimedia Sdn Bhd	Provision of information services	Director
Dato' Firdaus Muhammad Rom bin Harun	Present directorship:		
	• Lensa Prisma Sdn Bhd	Project management and property investment	Director
	Past directorship:		
	• Smart Chance Sdn Bhd (Dissolved)	Dormant	Director/ shareholder

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Name of business/ corporation	Principal activity	Nature of interest or involvement
Rezal Zain bin Abdul Rashid	Present directorships:		
	• Arroz Management Sdn Bhd	Dormant	Director/ shareholder
	• Darul Iman Medical Centre Sdn Bhd	Provision of medical and healthcare services	Director/ shareholder
	• Electro Activated Water Technologies (M) Sdn Bhd	Manufacturing and trading	Director/ shareholder
	• Fima Corporation Berhad	Property management and investment holding	Director
	• First Zanzibar Sdn Bhd	Develop accounting software, trading or computer hardware and software	Director/ shareholder
	• PJI Holdings Berhad	Investment holding and provision of management services	Director/ shareholder
	• TD Technologies Sdn Bhd	Develop accounting software, trading of computer hardware and software	Director/ shareholder
	• TDM Siewert and Soehne Sdn Bhd	General trading	Director/ shareholder
	• Three Hundred Sixty Sdn Bhd	Interior design	Director/ shareholder
	• Turkish Kitchen (M) Sdn Bhd	Operator of restaurants	Director/ shareholder
	Past directorships:		
	• Ultimate Building Machine (Malaysia) Sdn Bhd	Dormant	Director
	• P.J. Indah Sdn Bhd	Mechanical and electrical engineering and construction	Director
Dato' Ir. Batumalai a/ Ramasamy	Past directorships:		
	• Agensi Pekerjaan PFA Asia Sdn Bhd	Recruitment services	Director / shareholders
	• Oscar Calibre Sdn Bhd (<i>dissolved</i>)	General contractor	Director

Our Directors are of the view that their involvement in other business activities outside our Company will not affect their contributions to our Group, and hence is not expected to affect the operations of our Group.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.2.4 Directors' remuneration and material benefits in-kind

The aggregate remuneration and material benefits in-kind paid and proposed to be paid for services rendered to our Group for FYE 31 December 2012 and 2013 are as follows:

Directors	Remuneration band	
	FYE 31 December 2012 RM	FYE 31 December 2013 RM
Dato' Haji Mohamad Haslah bin Mohamad Amin	450,000-500,000	450,000-500,000
Dato' Lee Tian Hock	5,850,000-5,900,000	3,300,000-3,350,000
Ho Kong Soon	3,400,000-3,450,000	2,800,000-2,850,000
Dato' Firdaus Muhammad Rom bin Harun	0-50,000	0-50,000
Rezal Zain bin Abdul Rashid	0-50,000	0-50,000
Dato' Ir. Batumalai a/l Ramasamy	0-50,000	0-50,000

The remuneration of our Directors, which includes salaries, bonuses, fees and allowances as well as other benefits, must be recommended by our Remuneration Committee and subsequently be approved by the Board, subject to the provisions of our Articles of Association. Our Directors' fees must be further approved or endorsed by our shareholders in a general meeting.

9.2.5 Board practices

According to our Articles of Association, at least 1/3 of our Directors shall retire from office at each annual general meeting, provided always that all Directors shall retire from office at least once every 3 years. An election of Directors shall take place each year. However, a retired Director is eligible for re-election at the next subsequent annual general meeting.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

(i) Directors' term of office

As at the LPD, the date of appointment and the date of expiration of the current term of office of our Directors are set out below:

Director	Date of appointment	No. of years in service	Date of expiration of the current term in office
Dato' Haji Mohamad Haslah bin Mohamad Amin	2 April 2012	1	At our annual general meeting in 2014
Dato' Lee Tian Hock	4 March 1997	>16	At our annual general meeting in 2014

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Director	Date of appointment	No. of years in service	Date of expiration of the current term in office
Ho Kong Soon	31 December 2002	>10	At our annual general meeting in 2016
Dato' Firdaus Muhammad Rom bin Harun	2 April 2012	1	At our annual general meeting in 2015
Rezal Zain bin Abdul Rashid	8 August 2012	<1	At our annual general meeting in 2015
Dato' Ir. Batumalai a/l Ramasamy	28 December 2012	<1	At our annual general meeting in 2016

(ii) Audit Committee

The main functions of the Audit Committee fall within the ambit of the Listing Requirements. The Audit Committee is responsible to review and provide recommendation on the appointment or reappointment of external auditors, to review the scope of audit and audit reports and to evaluate and maintain effective systems of internal audit and internal control. In addition, the Audit Committee will review the quarterly and annual financial statements prior to submission to the Board. The Audit Committee is also responsible for assessment of financial risk and matters relating to related party transactions and conflict of interests.

The members of the Audit Committee are as follows:

Name	Designation	Directorship
Rezal Zain bin Abdul Rashid	Chairman	Independent Non-Executive Director
Dato' Ir. Batumalai a/l Ramasamy	Member	Independent Non-Executive Director
Dato' Firdaus Muhammad Rom bin Harun	Member	Independent Non-Executive Director

(iii) Remuneration Committee

The main function of the remuneration committee is to recommend the remuneration package for our Directors including salaries, directors fees, allowances, bonuses and benefits-in-kind. The remuneration committee will also assist the Board on matters relating to management development, compensation strategy and compensation arrangement.

The members of the Remuneration Committee are as follows:

Name	Designation	Directorship
Rezal Zain bin Abdul Rashid	Chairman	Independent Non-Executive Director
Dato' Lee Tian Hock	Member	Group Managing Director / Chief Executive Officer
Dato' Firdaus Muhammad Rom bin Harun	Member	Independent Non-Executive Director

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(iv) Nomination Committee

The main function of the Nomination Committee is to recommend appropriate size of our Board and the appointment of Directors and committee members to our Company. Other roles of the Nomination Committee include, amongst others, assisting our Board in reviewing on an annual basis the required mix of skills, experience and other qualities, including core competencies of Non-Executive Directors and assessing the effectiveness of our Board as a whole as well as the contribution of each Director and Board committee member.

The composition of the Nomination Committee are as follows:

Name	Designation	Directorship
Dato' Firdaus Muhammad Rom bin Harun	Chairman	Independent Non-Executive Director
Rezal Zain bin Abdul Rashid	Member	Independent Non-Executive Director
Dato' Ir. Batumalai a/l Ramasamy	Member	Independent Non-Executive Director

The recommendations of the Nomination Committee are subject to the approval of the Board.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.3 KEY MANAGEMENT

9.3.1 Key management's shareholdings in our Company

The key management's shareholdings in our Company before and after the IPO are as follows:

Name	Designation	Before the IPO			After the IPO			Upon full exercise of ESOS Options				
		Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%		
		No. of Shares held	No. of Shares held	No. of Shares held	No. of Shares held	No. of Shares held	No. of Shares held	No. of Shares held	No. of Shares held	No. of Shares held		
Lee Fah Pin	General Manager, Projects	-	-	-	*100,000	0.03	-	-	^200,000	0.06	-	-
Tan Say Kuan	Group Accountant	-	-	-	*80,000	0.03	-	-	^180,000	0.05	-	-
Tee Kam Mee	General Manager, Human Resources and Administration	-	-	-	*100,000	0.03	-	-	^200,000	0.06	-	-
How Giok Wah	General Manager, Sales	-	-	-	*50,000	0.02	-	-	^150,000	0.05	-	-

Notes:

* Assuming that the Public Issue Shares allocated to them under the pink form allocation being eligible employees are fully subscribed.

^ Assuming that the ESOS Options allocated to them under the ESOS are fully exercised.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.3.2 Profiles of key management

The profiles of our key management are set out below:

(i) Lee Fah Pin

Lee Fah Pin, a Malaysian aged 47, is our General Manager, Projects. He graduated with a Bachelor of Science in Civil Engineering from the California State University of Fresno in 1990 and subsequently obtained his Masters of Science in Civil Engineering from the same university in 1992. He is a Graduate of the Institution of Engineers, Malaysia, since 1993 and is a Member of the Technological Association of Malaysia and Structural Engineers Institution, United States since 1994 and 2000 respectively. He is also an Associate Member of the American Society of Civil Engineers since 1998. He began his career in 1989 as a trainee in Penang Development Corporation where he was exposed to minor site supervision and draughting. From September 1989 to May 1992, he was a part-time student assistant in the Civil and Surveying Engineering Department at the California State University at Fresno, U.S.A. where he was responsible for grading scholars' assignments in Statics, Strength of Material and Intermediate Structural Analysis courses. From January 1990 to June 1991 and January 1992 to April 1992, he was a permanent Junior Engineer/ Draftsman in the Parrish Engineering (Structural Consultant Inc.) at Clovis, California, U.S.A. Responsibilities of the position involved preparation of structural engineering design calculations and drawings for commercial, industrial and residential buildings in steel, timber and concrete design and also checking shop drawings for steel buildings.

From July 1992 to April 1999, he was a Senior Civil and Structural Engineer with Reka Engineering Consultant in Seremban. Services included preliminary design, analysis and design calculations, working drawings in structural steel, timber and reinforced concrete. He was also involved in planning, design and execution of Sewerage Reticulations, water reticulations and drainage works. Services rendered also involved construction inspection of Civil and Contractor's works, verifying contractor's progress claim, site visit, organise and attend meeting with clients, authorities, contractors and relevant consultants and preparation of tender documents and specifications, etc. From May 1999 to June 2000 he was a Senior Civil and Structural Engineer in A.O. Perunding in Seremban. In 2000, he joined MCHB Management as Project Manager, Design and Planning, and was later promoted to Senior Project Manager in 2001 and to General Manager in 2004.

(ii) Tan Say Kuan

Tan Say Kuan, a Malaysian aged 39, is our Group Accountant. He has been an affiliate of the Association of Chartered Certified Accountants since 2001, and obtained his certificate of membership as a Member of the Malaysian Institute of Accountants and Member of the Association of Chartered Certified Accountants since 2002. In 2007, he was admitted as a Fellow Member of the Association of Chartered Certified Accountants. His career started in 1994 as an Audit Junior at Siva Tan & Co, an audit firm. Subsequently in 2000, he left to join Douglas Loh and Associates as Audit Manager and in 2004, he left and joined Kris Benua as Group Accountant before taking up the position in his current tenure as Group Accountant. He is mainly responsible for the overall accounting and financial aspects of our Group. He is presently a director of BSS Development and Matrix.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(iii) Tee Kam Mee

Tee Kam Mee, a Malaysian aged 38, is our General Manager, Human Resource and Administration. She graduated in 1997 with a Bachelor of Commerce Degree from Monash University, Australia and has been a member of the Australian Society of Certified Practising Accountants (CPA Australia) and the Malaysian Institute of Accountants since 2003. Her career started in 1998 as an Accounts Executive at Pembinaan Juwasaan. She was subsequently promoted to Senior Accounts cum Administrative Executive in 2001, and Accounts Manager in 2003. She became Senior Accounts Manager in 2006 before she was appointed as General Manager, Accounts and Administration in 2008. In 2012, she was appointed in her current tenure as General Manager, Human Resource and Administration of our Group.

(iv) How Giok Wah

How Giok Wah, a Malaysian aged 61, is our General Manager, Sales of our Group. He graduated from University of Malaya in 1976 with a Bachelor of Science (Honours) Degree in Electrical and Electronics Engineering. His career started in 1976 as an Engineer in the investment and promotions department at MIDA where he was mainly involved in market and feasibility studies of manufactured goods. He left and joined Yee Chong Management Consultants Sdn Bhd in 1983 as Advisor and Consultant and was providing advice on starting and implementation of manufacturing companies. He joined our Group in 2007 in his current tenure as Advisor and General Manager, Sales, and is directly involved in the sales of industrial and commercial land.

9.4 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT IN OTHER BUSINESSES/ CORPORATIONS

Save as disclosed below, our Executive Directors and key management are not involved in other principal business activities outside our Group:

Director/ Key management	Company	Principal activities	Designation
Dato' Lee Tian Hock	• Ambang Kuasa	Investment Holding	Shareholder
	• Bidara Pesona Sdn Bhd	Dormant	Director
	• Matrix IBS Sdn Bhd	Dormant	Director/ shareholder
	• Shining Term	Investment holding	Director/ shareholder
	• Strategic Castle Sdn Bhd	Property investment holding	Director/ shareholder
	• Takrif Maksimum Sdn Bhd	Operators of petrol station and convenience store	Director/ shareholder
	• Varia Lumayan Sdn Bhd	Operators of food and beverage	Director/ shareholder
	• Yakin Teladan	Investment Holding	Director/ shareholder

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Director/ Key management	Company	Principal activities	Designation
Ho Kong Soon	• Anexco Sdn Bhd	Property letting and provision of maintenance services	Director/ shareholder
	• Matrix IBS Sdn Bhd	Dormant	Director/ shareholder
	• Supreme Interest	Investment holding	Director/ shareholder

Our Directors are of the view that our Directors' involvement in the above businesses will not have a conflict of interest situation as the principal businesses are not similar to those of our Group. In addition, our Directors are of the view that their involvement in the abovementioned businesses do not affect their contribution to our Group or negatively impact their ability to act as our Directors.

9.5 DECLARATION FROM THE PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management or any person nominated to become a Director or key management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any corporation of which he was a partner or any corporation of which he was a director or key personnel; or
- (ii) a person disqualified from acting as a director of any corporation, from taking part directly or indirectly in the management of any corporation; or
- (iii) a charge and/or convict in a criminal proceeding or being named as subject of a pending criminal proceeding; or
- (iv) any judgement entered involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

9.6 FAMILY RELATIONSHIP AND ASSOCIATION

Based on the declaration by our Promoters, substantial shareholders, Directors and key management, save as disclosed below, there are no family relationships or associations between or amongst our Promoters, substantial shareholders, Directors or key management:

- (i) Dato' Lee Tian Hock, Lee Tian Huat, Lee Tian Onn, Lee Geok Lin, Lee Geok Hoon, Lee Yoke Bee and Lee Yoke Fong are siblings.
- (ii) Ah Sam is the mother of Dato' Lee Tian Hock, Lee Tian Huat, Lee Tian Onn, Lee Geok Lin, Lee Geok Hoon, Lee Yoke Bee and Lee Yoke Fong.
- (iii) Datin Yong Chou Lian, Yong Ghee Kiat and Yong Ing Kiat are siblings.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (iv) Datin Yong Chou Lian is the spouse of Dato' Lee Tian Hock.
- (v) Yong Soi Mee is the spouse of Lee Tian Huat.
- (vi) Tan Bee Ling is the spouse of Lee Tian Onn.
- (vii) Alice Tan Khiam Chow is the spouse of Ho Kong Soon.
- (viii) Lee Geok Lin is the spouse of Teh Wei Cin.
- (ix) Lee Geok Hoon is the spouse of Cheong Yong Chieh.
- (x) Ah Sam and How Giok Wah are step siblings.

9.7 AMOUNTS/BENEFITS PAID OR INTENDED TO BE PAID OR GIVEN TO ANY PROMOTERS, DIRECTORS OR SUBSTANTIAL SHAREHOLDERS

Save for remuneration and benefits paid to the Promoters and Directors of our Company for services rendered in all their capacities within our Group as set out in Section 9.2.4 of this Prospectus, there is no other amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholder, within the 2 years preceding the date of this Prospectus.

9.8 SERVICE CONTRACTS

As at the LPD, there are no existing and proposed service contract between our Group and our Directors and key management.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.9 EMPLOYEES

As at the LPD, our Group has a total of 547 employees. Our Group has not encountered any major problems with staff turnover and there has been no labour and/or industrial dispute taken against our Group. All employees of our Group are not members of any trade union.

The table below sets out the number of employees segmented by business function as at the end of each of the past 3 financial years and as at the LPD:

Function	No. of employees							
	←----- 31 December ----->							
	2010	Proportion of total no. of employees (%)	2011	Proportion of total no. of employees (%)	2012	Proportion of total no. of employees (%)	As at the LPD	Proportion of total no. of employees (%)
Management and professionals	15	12.6	13	9.9	15	10.1	16	10.4
Technical and supervisory	33	27.7	38	29.0	47	31.8	50	32.5
Sales and marketing	33	27.7	31	23.7	30	20.3	31	20.1
General workers	7	5.9	10	7.6	12	8.1	12	7.8
Clerical and administrative	31	26.1	39	29.8	44	29.7	45	29.2
Sub-total	119	100.0	131	100.0	148	100.0	154	100.0
Contract workers	205	-	346	-	327	-	393	-
Total	324	-	477	-	475	-	547	-

As at the LPD, management and professional employees comprising directors, accountants, managers and executive secretary to chairman represented 10.4% of our total permanent employees. As at the LPD, technical professionals and personnel represented 32.5% of our total permanent employees and these comprised mainly contract managers, project managers, land coordinator manager, project and site engineers, site and maintenance supervisors, contractors, site maintenance, property and administration executives, draught persons and other technical personnel such as site clerk and technical assistants. Our sales and marketing personnel, and clerical and administrative personnel represented 20.1% and 29.2% of our total permanent employees respectively. Other personnel accounted for the remaining 7.8% of our total permanent employees.

All contract workers are of foreign nationalities and their work carried out includes landscaping, painting, masonry, carpentry, concreting, infrastructure works, bar bending and other general works. The number of contract workers required is normally dependent on the level of work required for our property development projects. As at the FYE 31 December 2011, there was a substantial increase in the number of contract workers due to the higher level of development activities during the end of 2011. The number of contract workers remained fairly consistent during the FYE 31 December 2012 as compared to the previous financial year but increased to 393 as at the LPD.

Training and development

We regard our employees as crucial assets to our organisation and place great emphasis on the cultivation of their skills as a means for us to remain competitive in the industry. Our training plans consist of on-the-job training and external training.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Some of the past and current external training programmes undertaken by the employees of our Group are as follows:

External training programmes	Organised by
1. Taklimat Pelaksanaan Lembaga Rayuan dan Pertandingan Mock Trial Lembaga Rayuan Negeri Sembilan	Jabatan Perancangan Bandar dan Desa Negeri Sembilan
2. Skim Perlindungan Insurans Kesihatan Pekerja Asing (SPIKPA)	AXA Affin General Insurance
3. Foreign Worker Hospitalisation & Surgical Scheme (SKHPPA)	Jerneh Insurance Berhad
4. Green Tour – A REHDA Youth Initiative	REHDA Malaysia
5. Green Tour 2 – A REHDA Youth Initiative	REHDA Malaysia
6. Corporate Tax Issues for Year of Assessment 2011	CPA Australia Ltd
7. Highlight on Income Tax for Year of Assessment 2010	TCMK Associated
8. Executive Talk 2011	Lembaga Hasil Dalam Negeri Malaysia
9. REHDA Property Market Outlook 2011	REHDA Malaysia
10. Seminar Akta-akta dan Peraturan Perumahan untuk Pemaju-pemaju Perumahan	MIMC Sdn Bhd
11. Taxation Issues for Property Developers / Contractors	CPA Australia Ltd
12. Invest Malaysia 2011	Malaysian Industrial Development Authority
13. Kerja-kerja Ubahsuai Dewan, Tadika dan Sekolah Dalam Program Khidmat Komuniti di Ayer Keroh Heights	Lembaga Pembangunan Industri Permbinaan Malaysia (Negeri Melaka)
14. Workshop on Micro-Emission Earth Strategy and China Solar Valley City and the Related Solar Products and Technology, Including Building Integrated Photovoltaic (BIPV) and Development	TS Solar Energy Sdn Bhd
15. Insoft System	Insoft Solutions Sdn Bhd
16. Tribunal of Homebuyers	REHDA Malaysia
17. Seminar Pengurusan Bangunan Berstrata Majlis Perbandaran Nilai	Majlis Perbandaran Nilai
18. Professional Selling Techniques	REHDA Malaysia
19. CIMB – Internet Banking	CIMB Bank Berhad
20. One-Day Seminar on Technical Talks on Infrastructure Design	MES Innovation Sdn Bhd

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

External training programmes	Organised by
21. WCSC 2011 3 rd International Conference on World Class Sustainable Cities 2011	Malaysian Institute of Planners / Malaysian Institute of Architects / REHDA Malaysia
22. Tatacara Perlantikan Perunding untuk Projek RMK 10	Lembaga Juruukur Bahan Malaysia
23. Budget 2012 Proposals & Recent Developments	Malaysian Institute of Accountants
24. Roof System Components	Monier Sdn Bhd
25. Seminar Keselamatan Kebakaran	Jabatan Bomba dan Penyelamat Malaysia
26. Competition Act 2010 & the Impact on Your Business	REHDA Malaysia
27. 14 th International Surveyors' Congress & CASLE Regional Conference 2012	Commonwealth Association of Surveying & Land Economy
28. Seminar Ke Arah Bandaraya: Implementasi Teknologi Hijau dan Pembangunan Mapan	Majlis Perbandaran Nilai
29. PR1MA and PR1MA Act	REHDA Malaysia
30. KS System – Advance Trainings	KS Computer
31. Scaffolding 3 in 1 (Basic)	National Institute of Occupational Safety and Health
32. Housing Law: Recession of sale and purchase agreement & related issues	REHDA Malaysia
33. Land transaction: Guidance from Recent Case Law, and Tax Appeal Process	REHDA Malaysia
34. One day seminar on traffic safety engineering and road safety audit	Highway & Transportation Engineering Technical Division at the Youth Engineers section, IEM
35. The 15 th National Housing & Property Summit 2012: Sustainability of the Housing & Property Industry	Asian Strategy & Leadership institute
36. One Stop Centre & Certificate of Completion and Compliance - Reforms in the housing industry.	REHDA Malaysia
37. Seminar on feasibility study, planning law, joint venture on property development, documentation and legal issues of the sale and purchase for real estate	Best Practices Search Sdn Bhd
38. National Tax Seminar 2012	Lembaga Hasil Dalam Negeri
39. 2 Day seminar on "Technical Talk on MSMA 2 nd Edition using MES Software	MES Innovation

9. **INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Management succession plan

Our Group acknowledges that our business sustainability and success will depend on the continued efforts of our Directors and key management personnel. Nevertheless, to ensure smooth succession planning, our Group has taken steps to promote long term commitment among our key personnel by:

- (i) offering attractive remuneration as well as opportunities for career development within our Group;
- (ii) provide equity participation such as IPO Shares and employee share option scheme to key management personnel and employees of our Group;
- (iii) training and development of key management personnel and employees of our Group to continuously improve competence level, productivity, skills and knowledge. This has allowed our Group to operate even without the direct involvement of our Directors as our project managers and senior staff are capable of performing their job functions effectively;
- (iv) continuously monitoring our Group's employees to identify their performance, level of commitment and working attitude for potential career development opportunities; and
- (v) seeking out suitable management trainees candidates or assistant manager candidates.

In addition to the above, by having a pool of skilled, experienced and committed staff, a structured organisation and an established system of operation in place, our Directors are of the view that disruptions to our operations will be minimal in the event of any departure of our Group Managing Director, Group Deputy Managing Director or key management.

The listing of our Company on the Main Market of Bursa Securities would also be beneficial in attracting, retaining and motivating its key management personnel and employees to continue their services with our Group.

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10. APPROVALS AND CONDITIONS

10.1 APPROVALS FROM RELEVANT AUTHORITIES

The listing of our Company on the Main Market of Bursa Securities was approved by the relevant authorities as follows:

- (i) SC via its letter dated 30 November 2012 under Section 212(5) of the CMSA and equity requirement for public companies;
- (ii) MITI via its letter dated 8 March 2013; and
- (iii) Bursa Securities via its letter dated 30 April 2013, for the following:
 - (a) admission to the Official List and the listing and quotation of the entire issued and paid-up share capital of Matrix Concepts of RM300,000,000 comprising 300,000,000 Shares on the Main Market of Bursa Securities; and
 - (b) listing of such number of additional new Shares, representing up to 10% of the issued and paid-up ordinary share capital of Matrix Concepts to be issued pursuant to the exercise of options under the ESOS.

The Shariah Advisory Council of the SC has, via its letters dated 2 October 2012 and 2 May 2013, classified our Shares as Shariah compliant.

10.2 CONDITIONS ON THE APPROVALS

The conditions imposed by the SC and the status of compliance are as follows:

No.	Details on conditions imposed	Status of compliance
1.	Matrix Concepts to allocate at least 12.5% of its enlarged issued and paid-up share capital to Bumiputera public investors at the point of Listing. This includes the shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors. In the event that MITI is unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting; and	To be complied.
2.	HLIB/Matrix Concepts to fully comply with the relevant requirements under the SC's <i>Equity Guidelines</i> and <i>Prospectus Guidelines – Equity</i> pertaining to the implementation of the proposal.	Noted.
3.	HLIB/Matrix Concepts must inform the SC upon completion of the proposal.	To be complied.

The SC has via its letter dated 30 November 2012, noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the listing as follows:

Shareholders	Before the Listing % held	After the Listing % held
Bumiputera		
- To be nominated & approved by MITI	-	10.83
- Via public balloting	-	1.67
Total Bumiputera	-	12.50
Non-Bumiputera	100.00	87.50
Foreign	-	-
Total	100.00	100.00

10. APPROVALS AND CONDITIONS (Cont'd)

The conditions imposed by Bursa Securities for the Listing and the status of compliance are as follows:

No.	Details on conditions imposed	Status of compliance
1.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements;	To be complied.
2.	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of Matrix Concepts on the first day of Listing; and	To be complied.
3.	Submission prior to Listing, the following information in respect of the moratorium on the shareholdings of Promoters to Bursa Securities and Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium of each block of shares. 	To be complied.

The conditions imposed by Bursa Securities for the listing of such number of additional new Shares, representing up to 10% of the issued and paid-up ordinary share capital of Matrix Concepts to be issued pursuant to the exercise of options under the ESOS and the status of compliance are as follows:

No.	Details on conditions imposed	Status of compliance
1.	HLIB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	To be complied.
2.	Matrix Concepts is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

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10. APPROVALS AND CONDITIONS (Cont'd)**10.3 MORATORIUM ON SHARES**

Pursuant to Paragraph 5.29 of the SC Guidelines, a moratorium will be imposed on the sale, transfer or assignment of the entire 184,808,780 Shares held by our Promoters, representing 61.6% of the enlarged issued and paid-up capital of our Company held at the date of listing for a period of 6 months from the date of admission of our Company to the Official List.

Details of our Promoters whose Shares are subject to moratorium are as follows:

Promoters	No. of Shares held after the IPO			
	Direct	%	Indirect	%
Dato' Lee Tian Hock	59,884,052	19.96	⁽¹⁾ 85,547,370	28.52
Shining Term	48,335,706	16.11	-	-
Ambang Kuasa	14,948,199	4.98	-	-
Magnitude Point	19,120,407	6.37	-	-
Target Venue	11,191,220	3.73	-	-
Fine Approach	12,500,712	4.17	-	-
Ho Kong Soon	6,946,752	2.32	⁽²⁾ 15,191,220	5.06
Datin Yong Chou Lian ⁽⁷⁾	1,071,529	0.36	⁽³⁾ 50,407,235	16.80
Ah Sam	-	-	⁽⁴⁾ 11,191,220	3.73
Lee Tian Huat	-	-	⁽⁵⁾ 12,500,712	4.17
Yong Soi Mee	-	-	⁽⁵⁾ 12,500,712	4.17
Meridian Effect	8,738,674	2.91	-	-
Yakin Teladan	2,071,529	0.69	-	-
Lee Tian Onn ⁽⁷⁾	-	-	⁽⁶⁾ 8,738,674	2.91
Tan Bee Ling	-	-	⁽⁶⁾ 8,738,674	2.91
Lee Geok Lin ⁽⁷⁾	-	-	-	-
Lee Geok Hoon ⁽⁷⁾	-	-	-	-
Lee Yoke Bee ⁽⁷⁾	-	-	-	-
Lee Yoke Fong	-	-	-	-
Teh Wei Cin	-	-	-	-
Cheong Yong Chieh ⁽⁷⁾	-	-	-	-
Yong Ghee Kiat ⁽⁷⁾	-	-	-	-
Yong Ing Kiat ⁽⁷⁾	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his direct shareholdings in Shining Term, Ambang Kuasa, Magnitude Point and Yakin Teladan pursuant to Section 6A of the Act and the shareholdings of his spouse, Datin Yong Chou Lian pursuant to Section 134(12)(c) of the Act.
- (2) Deemed interested by virtue of his direct shareholdings in Supreme Interest pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of her direct shareholdings in Shining Term and Yakin Teladan pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of her direct shareholdings in Target Venue pursuant to Section 6A of the Act.
- (5) Deemed interested by virtue of their direct shareholdings in Fine Approach pursuant to Section 6A of the Act.
- (6) Deemed interested by virtue of their direct shareholdings in Meridian Effect pursuant to Section 6A of the Act.
- (7) Excluding the Public Issue Shares allocated to them directly or indirectly under the pink form allocation.

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

11.1 RELATED PARTY TRANSACTIONS

Save for the following transactions and the amount disclosed which are transacted for the past 3 financial years up to the FYE 31 December 2012, there are no existing or proposed related party transactions that we have entered into which involved the interest, direct or indirect, of our Directors, substantial shareholder and/or persons connected to them as defined under the Listing Requirements:

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the		
				<----- FYE 31 December ----->		
				2010	2011	2012
				RM'000	RM'000	RM'000
<u>RECURRENT</u>						
Juwasan Maju	Y&Y Mix Sdn Bhd	Datin Yong Chou Lian, who is a substantial shareholder of Y&Y Mix Sdn Bhd, is a shareholder of Matrix Concepts and the wife of Dato' Lee Tian Hock. Yong Moi Noi, who is a director of Y&Y Mix Sdn Bhd, is the sister-in-law of Dato' Lee Tian Hock. Yong Ing Kiat, who is a substantial shareholder and director of Y&Y Mix Sdn Bhd, is the brother-in-law of Dato' Lee Tian Hock. Yong Ghee Kiat, Yong Ah Chek and Yong Hwah Kiat who are substantial shareholders of Y&Y Mix Sdn Bhd, are the brothers-in-law of Dato' Lee Tian Hock.	Purchase of ready mix concrete	9,074	12,959	16,809
Juwasan Maju and Juwasan Trading	T&T Cahaya Murni Sdn Bhd	Tung Kwi Hoiu and Tung Kew Tiong, who are substantial shareholders and directors of T&T Cahaya Murni Sdn Bhd, are the brothers of Tung Ah Qui, a director of Pembinaan Juwasan, Juwasan Maju and Juwasan Trading.	Purchase of cements, ceiling, steel bar, steel mesh, ceramic tiles, reinforced concrete piles	9,608	14,352	16,608

10. APPROVALS AND CONDITIONS (Cont'd)

The Promoters will not be allowed to sell, transfer or assign their entire shareholdings in the enlarged issued and paid-up capital of our Company held at the date of listing for a period of 6 months from the date of listing on Bursa Securities.

Supreme Interest is not deemed as a promoter. However, its individual shareholder, namely Ho Kong Soon is a Promoter. Hence, Supreme Interest has provided an undertaking that it will not sell, transfer or assign its entire shareholdings in the enlarged issued and paid-up capital of our Company held at the date of listing for a period of 6 months from the date of listing on Bursa Securities. A moratorium will be imposed on the 15,191,220 Shares held by Supreme Interest after the IPO.

The moratorium is specifically endorsed on our share certificates representing the shareholdings of our Promoters to ensure that our registrar will not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrar's instructions in the prescribed forms, ensure that trading of these shares is not permitted during the moratorium period.

The ultimate shareholders of Shining Term (namely Dato' Lee Tian Hock and Datin Yong Chou Lian), Yakin Teladan (namely Dato' Lee Tian Hock and Datin Yong Chou Lian), Ambang Kuasa (namely Dato' Lee Tian Hock and Tan Wan Fook), Magnitude Point (namely Dato' Lee Tian Hock, Lee Tian Onn, Lee Yoke Bee, Tung Ah Qui, Tiong Ting Hap, Yong Ghee Kiat, Tung Kwi Hoiu, Yong Ing Kiat, Ah Sam, Target Venue and Tan Seng Heng), Target Venue (namely Ah Sam, Lee Geok Lin, Lee Geok Hoon, Lee Yoke Bee, Lee Yoke Fong, Teh Wei Cin and Cheong Yong Chieh), Meridian Effect (namely Lee Tian Onn and Tan Bee Ling), Fine Approach (namely Lee Tian Huat and Yong Soi Mee) and Supreme Interest (namely Ho Kong Soon and Alice Tan Khiam Chow) have furnished letters of undertaking prior to the listing that they will not sell, transfer or assign any of their entire shareholdings in the respective companies for 6 months from the date of listing on Bursa Securities.

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11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the <---- FYE 31 December ---->		
				2010 RM'000	2011 RM'000	2012 RM'000
Juwasan Maju and Juwasan Trading	TSL Supplies Sdn Bhd	<p>Yong Ah Chek and Yong Ling Kiat who are directors of TSL Supplies Sdn Bhd, are the brother-in-laws of Dato' Lee Tian Hock.</p> <p>TSL Supplies Sdn Bhd is a wholly-owned subsidiary of Tong Swee Long Holdings Sdn Bhd ("TSL Holdings").</p> <p>Yong Ah Chek, Yong Ling Kiat and Yong Hwah Kiat, who are substantial shareholders and directors of TSL Holdings, are the brother-in-laws of Dato' Lee Tian Hock.</p> <p>Yong Ghee Kiat, Yong Soon Kiat and Yong Hwah Kiat, who are substantial shareholders of TSL Holdings, are brother-in-laws of Dato' Lee Tian Hock.</p>	Purchase of cements, ceiling, steel bar, steel mesh, ceramic tiles, reinforced concrete piles	6,262	-	-
Juwasan Maju and Juwasan Trading	Y&N Hardware Trading	Nyo Eng Kiak, who is the joint-owner of Y&N Hardware Trading, is the brother-in-law of Dato' Lee Tian Hock.	Purchase of white lime	25	213	159
Juwasan Maju	Chuan Song Electrical Sdn Bhd	Lee Tian Huat, who is a director and substantial shareholder of Chuan Song Electrical Sdn Bhd, is a substantial shareholder of our Company and the brother of Dato' Lee Tian Hock.	Sub-contractor of electrical works	1,702	803	-
BSS Development	Low Kim Fong	Low Kim Fong is the sister-in-law of Lee Tian Onn.	Rental of single-storey shop office by BSS Development from Low Kim Fong utilised as the Bandar Sri Sendayan site office. (Note i)	-	-	24

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the <---- FYE 31 December ---->		
				2010 RM'000	2011 RM'000	2012 RM'000
BSS Development	Takrif Maksimum Sdn Bhd	Dato' Lee Tian Hock, who is a substantial shareholder and director of Takrif Maksimum Sdn Bhd, is our substantial shareholder and Group Managing Director / Chief Executive Officer. Datin Yong Chou Lian, who is a substantial shareholder and director of Takrif Maksimum Sdn Bhd, is the spouse of Dato' Lee Tian Hock.	Rental of a retail space by BSS Development from Takrif Maksimum Sdn Bhd utilised as its sales gallery. (Note ii)	45	60	60
<u>NON-RECURRENT</u>						
Matrix	Datin Yong Chou Lian	Datin Yong Chou Lian is a shareholder of Matrix Concepts and the spouse of Dato' Lee Tian Hock.	Purchase of property from Matrix (Note iii)	585	-	-
BSS Development	Datin Yong Chou Lian	Datin Yong Chou Lian is a shareholder of Matrix Concepts and the spouse of Dato' Lee Tian Hock.	Purchase of property from BSS Development (Note iv)	3,669	800	-
BSS Development	Anexco Sdn Bhd	Ho Kong Soon is a substantial shareholder and director of Anexco Sdn Bhd. Alice Tan Khiam Chow, who is the spouse of Ho Kong Soon, is a substantial shareholder and director of Anexco.	Purchase of property from BSS Development (Note v)	2,652	-	-
BSS Development	Lee Tian Huat	Lee Tian Huat is the brother of Dato' Lee Tian Hock.	Purchase of property from BSS Development (Note vi)	1,300	-	-
Matrix	Low Kim Fong	Low Kim Fong is the sister-in-law of Lee Tian Onn.	Purchase of property from Matrix (Note vii)	-	238	-

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the <---- FYE 31 December ---->		
				2010 RM'000	2011 RM'000	2012 RM'000
BSS Development	Lee Fah Pin and Toh Ger Poh	Lee Fah Pin is a director of Juwasan Maju and MCHB Management as well as one of the key management of Matrix Concepts. Toh Ger Poh is the spouse of Lee Fah Pin.	Purchase of property from BSS Development (Note viii)	630	-	-
BSS Development	Tung Ah Qui	Tung Ah Qui is a director of Pembinaan Juwasan, Juwasan Maju and Juwasan Trading	Purchase of property from BSS Development (Note ix)	-	360	-
BSS Development	Tan Say Kuan and Fang Siok Ern	Tan Say Kuan is one of the key management of Matrix Concepts. Fang Siok Ern is the spouse of Tan Say Kuan.	Purchase of property from BSS Development (Note x)	360	-	-
BSS Development	Tan Say Kuan and Teow Kim Siong	Tan Say Kuan is one of the key management of Matrix Concepts. Teow Kim Siong is a director of MCHB Management.	Purchase of property from BSS Development. (Note xi)	-	360	-
BSS Development	Ho Siew Heng	Ho Siew Heng is the sister of Ho Kong Soon.	Purchase of property from BSS Development (Note xii)	420	-	-
BSS Development	Lee Tian Onn	Lee Tian Onn is the brother of Dato' Lee Tian Hock.	Purchase of property from BSS Development (Note xiii)	-	360	-
BSS Development	Tan Seng Heng and Low Kim Fong	Tan Seng Heng is the brother-in-law of Dato' Lee Tian Hock. Low Kim Fong is the spouse of Tan Seng Heng.	Purchase of property from BSS Development (Note xiv)	360	-	-
BSS Development	Dato' Haji Mohamad Haslah bin Mohamad Amin	Dato' Haji Mohamad Haslah bin Mohamad Amin is a director of BSS Development and our Non-Independent Non-Executive Chairman.	Purchase of property from BSS Development (Note xv)	-	400	-

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the <---- FYE 31 December ---->		
				2010 RM'000	2011 RM'000	2012 RM'000
BSS Development	Dato' Lee Tian Hock	Dato' Lee Tian Hock is our substantial shareholder and Group Managing Director / Chief Executive Officer	Purchase of property from BSS Development (Note xvi)	-	400	438
BSS Development	Leisure Scheme Sdn Bhd	Yong Ing Kiat, who is a shareholder and director of Leisure Scheme Sdn Bhd, is the brother-in-law of Dato' Lee Tian Hock. Soo Li Ping, who is a substantial shareholder and director of Leisure Scheme, is the spouse of Yong Ing Kiat.	Purchase of property from BSS Development (Note xvii)	1,155	-	-
BSS Development	Tee Kam Mee	Tee Kam Mee is a director of Pembinaan Juwasan and one of the key management of Matrix Concepts.	Purchase of property from BSS Development (Note xviii)	135	360	-
BSS Development	Mustaza bin Musa, Aishia Binti Hussain and Amirah Binti Mustaza	Mustaza bin Musa is previously a director of Matrix Concepts, Matrix, BSS Development, 1 Sendayan Education, Seventech, Riverine Projects, Superb Approach and Insani Utama.	Purchase of property from BSS Development (Note xix)	-	357	-
BSS Development	Ah Sam and Dato' Lee Tian Hock	Ah Sam is the mother of Dato' Lee Tian Hock. Dato' Lee Tian Hock is our substantial shareholder and Group Managing Director / Chief Executive Officer.	Purchase of property from BSS Development (Note xx)	-	470	-
BSS Development	Low Kim Fong	Low Kim Fong is the sister-in-law of Lee Tian Onn.	Purchase of property from BSS Development (Note xxi)	225	-	-
BSS Development	Tan Seng Hut	Tan Seng Hut is the brother-in-law of Lee Tian Onn.	Purchase of property from BSS Development (Note xxii)	135	-	-

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the ←----- FYE 31 December ----->		
				2010 RM'000	2011 RM'000	2012 RM'000
Riverine Projects	Dato' Jaaffar bin Sahadan and Jamaludin Bin Ahmad	Dato' Jaaffar bin Sahadan is a director of Riverine Projects.	Payment of coordinator fees to Dato' Jaaffar bin Sahadan as the coordinators for the Kota Gadong Perdana project. (Note xxiii)	-	100	-
Matrix	Restu Pertiwi Sdn Bhd	Mustaza bin Musa, who is a substantial shareholder and director of Restu Pertiwi, is previously our Executive Director. Mohammad Ramly bin Hamzah, who is a substantial shareholder and director of Restu Pertiwi, is an employee of MCHB Management.	Deed of assignment of the Third 9 Residence development project. (Note xxiv)	-	-	-
BSS Development	Ho Kong Soon	Ho Kong Soon is our substantial shareholder and Group Deputy Managing Director / Chief Operating Officer.	Purchase of property from BSS Development (Note xxv)	-	600	-
BSS Development	Lee Fah Pin and Toh Ger Poh	Lee Fah Pin is a director of Juwasan Maju and MCHB Management as well as one of the key management of Matrix Concepts. Toh Ger Poh is the spouse of Lee Fah Pin.	Purchase of property from BSS Development (Note xxvi)	-	380	-
BSS Development	Tan Seng Heng and Low Kim Fong	Tan Seng Heng is the brother-in-law of Lee Tian Onn. Low Kim Fong is the spouse of Tan Seng Heng.	Purchase of property from BSS Development (Note xxvii)	-	380	-
BSS Development	Lee Tian Onn and Lee Kwun Ping	Lee Tian Onn is the brother of Dato' Lee Tian Hock. Lee Kwun Ping is the son of Lee Tian Onn.	Purchase of property from BSS Development (Note xxviii)	-	250	-

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Companies within the Group	Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the <---- FYE 31 December ---->		
				2010 RM'000	2011 RM'000	2012 RM'000
BSS Development	Lee Yoke Bee and Tiong Chang Lun	Lee Yoke Bee is the sister of Dato' Lee Tian Hock. Tiong Chang Lun is the son of Lee Yoke Bee.	Purchase of property from BSS Development (Note xxix)	-	250	-
BSS Development	Hor Chai Hock, Hor Chee Hoong and Heow Kian Moi	Hor Chai Hock is the brother of Ho Kong Soon, our substantial shareholder and Group Deputy Managing Director / Chief Operating Officer	Purchase of property from BSS Development (Note xxx)	-	180	-
BSS Development	Lee Geok Hoon and Cheong Yong Chieh	Lee Geok Hoon is the sister of Dato' Lee Tian Hock. Cheong Yong Chieh is the spouse of Lee Geok Hoon.	Purchase of property from BSS Development (Note xxxi)	-	-	200
BSS Development	Dato' Lee Tian Hock and Datin Yong Chou Lian	Dato' Lee Tian Hock is our substantial shareholder and Group Managing Director / Chief Executive Officer Datin Yong Chou Lian is a shareholder of Matrix Concepts and the spouse of Dato' Lee Tian Hock.	Purchase of property from BSS Development (Note xxxii)	-	-	912
Matrix Concepts	Ambang Kuasa	Ambang Kuasa is a substantial shareholder of Matrix Concepts. Dato' Lee Tian Hock, who is substantial shareholder and Director of Ambang Kuasa, is our Group Managing Director / Chief Executive Officer.	Disposal of 250,000 ordinary shares of RM1.00 each in BSS Development to Matrix Concepts. (Note xxxiii)	-	6,444	-
Matrix Concepts	Ah Sam	Ah Sam is a substantial shareholder of Matrix Concepts and the mother of Dato' Lee Tian Hock, our Group Managing Director / Chief Executive Officer.	Purchase of 15,000 ordinary shares of RM1.00 each in Matrix Hiasan Sdn Bhd from Matrix Concepts. (Note xxxiv)	-	15	-

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Notes:

- (i) BSS Development had on 15 November 2011 entered into a tenancy agreement with Low Kim Fong whereby Low Kim Fong agreed to let and BSS Development agreed to accept a tenancy of the gallery space at No. 773A, Jalan Nusari Aman 3/1, Medan Nusari, 71900 Bandar Sri Sendayan, Negeri Sembilan Darul Khusus, for a period commencing on 1 January 2012 till 31 December 2014 at a monthly rental of RM2,000.
- (ii) BSS Development had on 12 March 2010 entered into a tenancy arrangement with Takrif Maksimum Sdn Bhd whereby Takrif Maksimum Sdn Bhd agreed to let and BSS Development agreed to accept a tenancy of the gallery space at PT1055, Jalan Metro Sendayan 1, 71900 Bandar Sri Sendayan Negeri Sembilan Darul Khusus, for a period commencing on 1 April 2010 and renewable annually at a monthly rental of RM5,000, of which has been renewed on 12 March 2013.
- (iii) Koperasi Kemajuan Tanah Negeri Johor Berhad (as proprietor) and Matrix (as vendor) had on 14 May 2010 entered into a sale and purchase agreement with Datin Yong Chou Lian whereby Matrix agreed to sell and Datin Yong Chou Lian agreed to purchase a piece of freehold petrol station commercial land held under HS(D) 54616 PTD 72465, Mukim Kluang, Daerah Kluang, Negeri Johor Darul Takzim being a piece of vacant petrol station commercial land at a purchase consideration of RM1,169,525.
- (iv) MBI (as landowner) and BSS Development (as vendor) had on 25 March 2010, 22 December 2010 and 19 July 2011 entered into five (5) separate sale and purchase agreements with Datin Yong Chou Lian whereby BSS Development agreed to sell and Datin Yong Chou Lian agreed to purchase a piece of freehold land held under HS(D) 193554 PT 1056 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus being a vacant commercial lot at a purchase consideration of RM1,633,675, a piece of freehold land held under HS(D) 193554 PT 1057 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus being a vacant commercial lot at a purchase consideration of RM1,633,675, a piece of freehold land held under HS(D) 193477 PT 980 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a three-storey shop office constructed on the said land at a purchase consideration of RM702,888, a piece of freehold land held under HS(D) 193478 PT 981 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together a double-storey shop office constructed on the said land at a purchase consideration of RM518,888 and a piece of freehold land held under HS(D) 198702 PT 4892 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM800,000 of which the normal selling price of the said property is RM1,754,000.
- (v) MBI (as landowner) and BSS Development (as vendor) had on 25 March 2010, 29 March 2010 and 27 December 2010 entered into three (3) separate sale and purchase agreements with Anexco Sdn Bhd whereby BSS Development agreed to sell and Anexco Sdn Bhd agreed to purchase a piece of freehold land held under HS(D) 193555 PT 1058 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus being a vacant commercial lot at a purchase consideration of RM1,633,675, a piece of freehold land held under HS(D) 198728 PT 4918 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey shop office constructed on the said land at a purchase consideration of RM350,888 and a piece of freehold land held under HS(D) 193514 PT 1017 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a three-storey shop office constructed on the said land at a purchase consideration of RM994,888.
- (vi) MBI (as landowner) and BSS Development (as vendor) had on 12 November 2010, transferred, via Borang 14A to Lee Tian Huat, a piece of freehold land held under HS(D) 193557 PT 1060 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus being a vacant commercial lot at a purchase consideration of RM1,300,000. The normal selling price of the said property is RM1,633,675.
- (vii) Matrix had on 27 July 2011 entered into a sale and purchase agreement with Low Kim Fong whereby Matrix agreed to sell and Low Kim Fong agreed to purchase a piece of freehold land held under HS(D) 53825 PTD 71674 Mukim Kluang, Daerah Kluang, Negeri Johor Darul Takzim together with a single-storey bungalow constructed on the said land at a purchase consideration of RM419,888.

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

- (viii) MBI (as landowner) and BSS Development (as vendor) had on 30 March 2010 and 22 December 2010 entered into two (2) separate sale and purchase agreements with Lee Fah Pin and Toh Ger Poh whereby BSS Development agreed to sell and Lee Fah Pin and Toh Ger Poh agreed to purchase a piece of freehold land held under HS(D) 198738 PT 4928 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey shop office constructed on the said land at a purchase consideration of RM367,888 and a piece of freehold land held under HS(D) 193479 PT 982 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (ix) MBI (as landowner) and BSS Development (as vendor) had on 1 April 2011 entered into a sale and purchase agreement with Tung Ah Qui whereby BSS Development agreed to sell and Tung Ah Qui agreed to purchase a piece of freehold land held under HS(D) 193482 PT 985 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (x) MBI (as landowner) and BSS Development (as vendor) had on 22 December 2010 entered into a sale and purchase agreement with Tan Say Kuan and Fang Siok Ern whereby BSS Development agreed to sell and Tan Say Kuan and Fang Siok Ern agreed to purchase a piece of freehold land held under HS(D) 193488 PT 991 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (xi) MBI (as landowner) and BSS Development (as vendor) had on 10 January 2011 entered into a sale and purchase agreement with Teow Kim Siong and Tan Say Kuan whereby BSS Development agreed to sell and Teow Kim Siong and Tan Say Kuan agreed to purchase a piece of freehold land held under HS(D) 193487 PT 990 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (xii) MBI (as landowner) and BSS Development (as vendor) had on 22 December 2010 entered into a sale and purchase agreement with Ho Siew Heng whereby BSS Development agreed to sell and Ho Siew Heng agreed to purchase a piece of freehold land held under HS(D) 193490 PT 993 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (xiii) MBI (as landowner) and BSS Development (as vendor) had on 5 August 2011 entered into a sale and purchase agreement with Lee Tian Onn whereby BSS Development agreed to sell and Lee Tian Onn agreed to purchase a piece of freehold land held under HS(D) 193495 PT 998 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (xiv) MBI (as landowner) and BSS Development (as vendor) had on 22 December 2010 entered into a sale and purchase agreement with Tan Seng Heng and Low Kim Fong whereby BSS Development agreed to sell and Tan Seng Heng and Low Kim Fong agreed to purchase a piece of freehold land held under HS(D) 193497 PT 1000 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (xv) MBI (as landowner) and BSS Development (as vendor) had on 14 July 2011 entered into a sale and purchase agreement with Dato' Mohamad Haslah Bin Mohamad Amin whereby BSS Development agreed to sell and Dato' Mohamad Haslah Bin Mohamad Amin agreed to purchase a piece of freehold land held under HS(D) 193501 PT 1004 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a three-storey shop office constructed on the said land at a purchase consideration of RM800,000. The normal selling price of the said property is RM902,888.

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

- (xvi) MBI (as landowner) and BSS Development (as vendor) had on 14 July 2011 and 25 July 2012 entered into two (2) separate sale and purchase agreements with Dato' Lee Tian Hock whereby BSS Development agreed to sell and Dato' Lee Tian Hock agreed to purchase a piece of freehold land held under HS(D) 193502 PT 1005 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a three-storey shop office constructed on the said land at a purchase consideration of RM800,000 of which the normal selling price of the said property is RM902,888 and a piece of freehold land held under HS(D) 209474 PT 8383 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey semi-detached house constructed on the said land at a purchase consideration of RM559,888.
- (xvii) MBI (as landowner) and BSS Development (as vendor) had on 31 March 2010 and 22 December 2010 entered into three (3) separate sale and purchase agreements with Leisure Scheme Sdn Bhd whereby BSS Development agreed to sell and Leisure Scheme Sdn Bhd agreed to purchase a piece of freehold land held under HS(D) 198750 PT 4940 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey shop office constructed on the said land at a purchase consideration of RM209,888, a piece of freehold land held under HS(D) 198751 PT 4941 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey shop office constructed on the said land at a purchase consideration of RM469,888 and a piece of freehold land held under HS(D) 193507 PT 1010 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a three-storey shop office constructed on the said land at a purchase consideration of RM730,888.
- (xviii) MBI (as landowner) and BSS Development (as vendor) had on 29 March 2010 and 11 January 2011 entered into two (2) separate sale and purchase agreements with Tee Kam Mee whereby BSS Development agreed to sell and Tee Kam Mee agreed to purchase a piece of freehold land held under HS(D) 198733 PT 4923 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey shop office constructed on the said land at a purchase consideration of RM209,888 and a piece of freehold land held under HS(D) 193508 PT 1011 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (xix) MBI (as landowner) and BSS Development (as vendor) had on 14 July 2011 entered into a sale and purchase agreement with Mustaza Bin Musa, Aishia Binti Hussain and Amirah Binti Mustaza whereby BSS Development agreed to sell and Mustaza Bin Musa, Aishia Binti Hussain and Amirah Binti Mustaza agreed to purchase a piece of freehold land held under HS(D) 193511 PT 1014 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a three-storey shop office constructed on the said land at a purchase consideration of RM713,888.
- (xx) MBI (as landowner) and BSS Development (as vendor) had on 13 January 2011 entered into a sale and purchase agreement with Ah Sam and Dato' Lee Tian Hock whereby BSS Development agreed to sell and Ah Sam and Dato' Lee Tian Hock agreed to purchase a piece of freehold land held under HS(D) 193512 PT 1015 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM518,888.
- (xxi) MBI (as landowner) and BSS Development (as vendor) had on 29 March 2010 entered into a sale and purchase agreement with Low Kim Fong whereby BSS Development agreed to sell and Low Kim Fong agreed to purchase a piece of freehold land held under HS(D) 198729 PT 4919 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey shop office constructed on the said land at a purchase consideration of RM313,888.
- (xxii) MBI (as landowner) and BSS Development (as vendor) had on 29 March 2010 entered into a sale and purchase agreement with Tan Seng Hut whereby BSS Development agreed to sell and Tan Seng Hut agreed to purchase a piece of freehold land held under HS(D) 198732 PT 4922 Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan Darul Khusus together with a single-storey shop office constructed on the said land at a purchase consideration of RM209,888.

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

- (xxiii) Riverine Projects had on 21 July 2011 entered into a coordinator agreement with Jamaludin Bin Ahmad and Dato' Jaafar Bin Sahadan (collectively, the "Coordinators") whereby the Coordinators endeavoured to assist the Company in the successful development of two (2) parcels of land in the Mukim of Gadong Jaya and the Mukim of Labu as part of a joint-venture agreement entered into between Riverine Projects and MAINS for a total sum of RM2.0 million.
- (xxiv) Matrix had on 26 January 2011 entered into a joint venture agreement with Restu Pertiwi Sdn Bhd for the assignment of all Restu Pertiwi Sdn Bhd's rights title interest and liability arising from the joint venture agreement between MBI and Restu Pertiwi Sdn Bhd dated 26 January 2011 for the development of the land measuring approximately 17 hectares in Pekan Paroi Jaya, District of Seremban, Negeri Sembilan.
- (xxv) MBI (as landowner) and BSS Development (as vendor) had on 19 July 2011 entered into a sale and purchase agreement with Ho Kong Soon whereby BSS Development agreed to sell and Ho Kong Soon agreed to purchase a piece of freehold land held under HS(D) 198678 PT 4868 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM600,000. The normal selling price of the said property is RM1,355,000.
- (xxvi) MBI (as landowner) and BSS Development (as vendor) had on 19 July 2011 entered into a sale and purchase agreement with Lee Fah Pin and Toh Ger Poh whereby BSS Development agreed to sell and Lee Fah Pin and Toh Ger Poh agreed to purchase a piece of freehold land held under HS(D) 198679 PT 4869 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM508,000.
- (xxvii) MBI (as landowner) and BSS Development (as vendor) had on 18 July 2011 entered into a sale and purchase agreement with Tan Seng Heng and Low Kim Fong whereby BSS Development agreed to sell and Tan Seng Heng and Low Kim Fong agreed to purchase a piece of freehold land held under HS(D) 198683 PT 4873 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM508,000.
- (xxviii) MBI (as landowner) and BSS Development (as vendor) had on 12 August 2011 entered into a sale and purchase agreement with Lee Tian Onn and Lee Kwun Ping whereby BSS Development agreed to sell and Lee Tian Onn and Lee Kwun Ping agreed to purchase a piece of freehold land held under HS(D) 198687 PT 4877 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM508,000.
- (xxix) MBI (as landowner) and BSS Development (as vendor) had on 27 September 2011 entered into a sale and purchase agreement with Lee Yoke Bee and Tiong Chang Lun whereby BSS Development agreed to sell and Lee Yoke Bee and Tiong Chang Lun agreed to purchase a piece of freehold land held under HS(D) 198693 PT 4883 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey shop office constructed on the said land at a purchase consideration of RM508,000.
- (xxx) MBI (as landowner) and BSS Development (as vendor) had on 8 March 2011 entered into a sale and purchase agreement with Hor Chai Hock, Hor Chee Hoong and Heow Kian Moi whereby BSS Development agreed to sell and Hor Chai Hock, Hor Chee Hoong and Heow Kian Moi agreed to purchase a piece of freehold land held under HS(D) 196163 PT 1230 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey terrace house constructed on the said land at a purchase consideration of RM303,888.
- (xxxi) MBI (as landowner) and BSS Development (as vendor) had on 29 March 2012 entered into a sale and purchase agreement with Lee Geok Hoon and Cheong Yong Chieh whereby BSS Development agreed to sell and Lee Geok Hoon and Cheong Yong Chieh agreed to purchase a piece of freehold land held under HS(D) 208092 PT 6980 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey terrace house constructed on the said land at a purchase consideration of RM438,888.

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

- (xxxii) MBI (as landowner) and BSS Development (as vendor) had on 12 November 2012 entered into two (2) separate sale and purchase agreement with Dato' Lee Tian Hock and Datin Yong Chou Lian whereby BSS Development agreed to sell and Dato' Lee Tian Hock and Datin Yong Chou Lian agreed to purchase a piece of freehold land held under HS(D) 193376 PT 880 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey terrace house constructed on the said land for a purchase consideration of RM603,888 and a piece of freehold land held under HS(D) 193375 PT 879 Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus together with a double-storey terrace house constructed on the said land for a purchase consideration of RM468,888.
- (xxxiii) Matrix Concepts had on 16 December 2011 entered into a share sale agreement with Ambang Kuasa whereby Ambang Kuasa agreed to sell and Matrix Concepts agreed to purchase 250,000 ordinary shares of RM1.00 each in BSS Development, representing 25.0% of the issued and paid-up share capital of BSS Development for a purchase consideration of RM6,443,710 to be fully settled via the issuance of new Shares at par.
- (xxxiv) Matrix Concepts had on 12 April 2011 disposed of its entire equity interest in Matrix Hiasan Sdn Bhd comprising 15,000 ordinary shares of RM1.00 each in Matrix Hiasan Sdn Bhd, representing 15.0% of the issued and paid-up share capital of Matrix Hiasan Sdn Bhd for a cash consideration of RM15,000.

Save for discounts granted to the employees and shareholders of the Group and the Deed of Assignment for the Third 9 Residence development project, our Directors are of the opinion that the above related party transactions have been entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties.

We anticipate that our Group would, in the ordinary course of business, continue to enter into certain transactions as disclosed above with the related parties as the transactions are necessary for our day-to-day operations. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.

Based on our Group's past discount policies, the total discount allowed to employees ranges from 7.5% to 25.0%, depending on the years of service while the total discount allowed to shareholders is 10.0%. However, it is up to the management's discretion that an additional discount be allowed on a case-to-case basis. As at 1 April 2012, the Group had reviewed its discount policies and decided that shareholders of the Company will no longer qualify for any discounts while any discounts to be granted to employees by the management will go through a more stringent qualifying process and will be capped at 25.0% and any additional discount will be subject to the approval of our Board. Our Audit Committee will supervise the terms of the related party transactions, and the Directors of our Company will report such related party transactions, if any, annually in our Company's annual report.

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed corporation may seek a shareholders' mandate in respect of related party transactions which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed corporation or its subsidiaries subject to, amongst others, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements; and

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

11.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

As at the LPD, we have not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we, or any of our subsidiaries, was a party in respect of the past 3 FYE 31 December 2010 to 2012.

11.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND) MADE BY US OR ANY OF OUR SUBSIDIARIES TO OR FOR THE BENEFIT OF THE RELATED PARTIES

As at the LPD, there are no outstanding loans (including guarantees of any kind) made by us or any of our subsidiaries to or for the benefit of the related parties in respect of the past 3 FYE 31 December 2010 to 2012.

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11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)**11.4 INTERESTS IN SIMILAR BUSINESS**

Save as disclosed below, as at the LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in any other businesses and corporations carrying on a similar trade as our Group:

Name of Director / Substantial Shareholder	Name of company	Principal activities	Position (Director / Shareholder)	Shareholding		Mitigating factor
				Direct %	Indirect %	
Tan Wan Fook	CTH Builders Sdn Bhd	Property development and construction	Director and shareholder	50.0	-	He is a substantial shareholder of Matrix Concepts (via Ambang Kuasa). However, he is not a controlling shareholder of Matrix Concepts and neither is he involved in the management of Matrix Concepts Group.

11.5 INTERESTS IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP

Save as disclosed below, as at the LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in any other businesses and corporations which are customers or suppliers of our Group:

Name of Director / Substantial Shareholder	Name of company	Principal activities	Position (Director / Shareholder)	Shareholding		Mitigating factor
				Direct %	Indirect %	
Lee Tian Huat	Chuan Song Electrical Sdn Bhd	Sub-contracting of electrical works	Director and shareholder	45.0	-	He is a Promoter (via Fine Approach) and substantial shareholder of Matrix Concepts. He resigned as an Executive Director of Matrix Concepts in October 2010 and is no longer involved in the management of the Matrix Concepts Group.
Datin Yong Chou Lian	Y&Y Mix Sdn Bhd	Purchase of ready mix concrete	Shareholder	30.0	-	She is a Promoter and substantial shareholder of Matrix Concepts. The transactions entered into between our Group and Y&Y Mix Sdn Bhd were on an arms' length basis and on normal commercial terms which are not more favourable compared to those of other parties.

11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

11.6 CONFLICT OF INTERESTS

- (i) HLIB declares that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Managing Underwriter, Co-Underwriter and Co-Placement Agent for our Listing;
- (ii) KIBB declares that there is no existing or potential conflict of interest in its capacity as the Co-Underwriter and Co-Placement Agent for our Listing;
- (iii) Messrs Cheang & Ariff declares that there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (iv) Messrs Wong Weng Foo & Co. declares that there is no existing or potential conflict of interest in its capacity as the Reporting Accountants for our Listing;
- (v) Vital Factor Consulting Sdn Bhd declares that there is no existing or potential conflict of interest in its capacity as the independent business and market research consultants for our Listing; and
- (vi) Henry Butcher Malaysia (NS) Sdn Bhd declares that there is no existing or potential conflict of interest in its capacity as the independent valuer for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL PROFORMA CONSOLIDATED FINANCIAL INFORMATION

The following table sets out a summary of the audited consolidated financial statements of our Group for the past four (4) financial years up to the FYE 31 December 2012.

Our proforma consolidated financial information has been derived from the audited consolidated financial information of Matrix Concepts after incorporating such adjustments considered necessary and which have been highlighted and disclosed in Section 12.2 of this Prospectus.

The bases and accounting policies used for the purpose of preparing our proforma consolidated financial information are consistent with those adopted in the preparation of the audited financial statements of the respective companies within our Group, which are set out in the notes and assumptions included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 12.2 of this Prospectus. Our proforma consolidated financial information has been prepared in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and has been reviewed by our Reporting Accountants.

The proforma consolidated financial information are prepared for illustrative purposes only and should be read together with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 12.2 of this Prospectus, Accountants' Report as set out in Section 13 of this Prospectus and the management discussion and analysis of financial conditions and results in operations as set out in Section 12.4 of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)

	<-----FYE 31 December----->			
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Revenue	204,046	195,633	624,250	456,069
Cost of sales	(157,688)	(138,917)	(475,828)	(263,341)
GP	46,358	56,716	148,422	192,728
Operating and administrative expenses	(19,586)	(24,369)	(46,776)	(47,267)
Other operating income	55	478	7,300	653
EBITDA	26,827	32,825	108,946	146,114
Finance costs	(539)	(1,060)	(568)	(1,012)
Depreciation	(1,891)	(1,804)	(2,040)	(2,338)
Share of (loss)/ profit of an associated company	1	-	(1)	-
PBT	24,398	29,961	106,337	142,764
Taxation	(5,266)	(7,946)	(26,401)	(39,279)
PAT	19,132	22,015	79,936	103,485
Attributable to:				
Equity holders of the Company	18,553	20,512	69,411	103,485
Minority interests	579	1,503	10,525	-
Effective tax rate (%)	21.6	26.5	24.8	27.5
No. of Shares assumed in issue ('000) ⁽¹⁾	237,500	237,500	237,500	237,500
Gross EPS (sen) ⁽²⁾	10.3	12.6	44.8	60.1
Net EPS (sen) ⁽³⁾	7.8	8.6	29.2	43.6
Fully diluted net EPS (sen) ⁽⁴⁾	6.2	6.8	23.1	34.5
GP margin (%)	22.7	29.0	23.8	42.3
PBT margin (%)	12.0	15.3	17.0	31.3
PAT margin (%)	9.4	11.3	12.8	22.7

Notes:

- (1) Based on the number of Shares assumed in issue after the Bonus Issue but immediately prior to the Public Issue.
- (2) Gross EPS is calculated based on PBT before non-controlling interests for the relevant financial year divided by the number of Shares in (1) above.
- (3) Net EPS is calculated based on PAT after non-controlling interests for the relevant financial year divided by the number of Shares in (1) above.
- (4) Fully diluted EPS is calculated based on PAT after non-controlling interests for the relevant financial year divided by the enlarged issued and paid-up share capital after the Listing Scheme of 300,000,000 Shares (excluding ESOS).
- (5) There were no exceptional items in all the financial years under review.

12. FINANCIAL INFORMATION (Cont'd)

12.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)



WONG WENG FOO & CO. (AF: 0829)
Chartered Accountants

41, Damai Complex,
Jalan Dato Haji Eusoff,
50400 Kuala Lumpur.
Tel : 03-4042 4280
Fax : 03-4041 3141

Date: **22 APR 2013**

The Board of Directors
MATRIX CONCEPTS HOLDINGS BERHAD
Wisma Matrix
No.57A&B,
Jalan Tun Dr Ismail,
70200 Seremban,
Negeri Sembilan Darul Khusus.

Dear Sirs,

LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)

We have reviewed the Proforma Consolidated Financial Information of MATRIX CONCEPTS HOLDINGS BERHAD (hereinafter referred to as "Matrix Concepts" or "the Company") and its subsidiary companies namely Superb Approach Sdn Bhd, Pembinaan Juwasan Sdn Bhd, 1 Sendayan Education Sdn Bhd, Riverine Projects Sdn Bhd, Masuda Corporation Sdn Bhd, Matrix Concepts Sdn Bhd, Seventech Sdn Bhd, MCHB Natro' Green Sdn Bhd, BSS Development Sdn Bhd, Juwasan Maju Sdn Bhd, Juwasan Trading Sdn Bhd, MCHB Management Services Sdn Bhd, Insani Utama Sdn Bhd, 1 Sendayan Club Sdn Bhd, Kris Benua Sdn Bhd and MCHB Properties Sdn Bhd (collectively known as "Matrix Concepts Group" or "the Group") for the financial year ended 31 December 2012 together with the notes and assumptions thereto, as set out in this Prospectus, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of Matrix Concepts on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Proforma Consolidated Financial Information have been prepared for illustrative purposes solely for the purpose of inclusion in this Prospectus on the basis of assumptions as set out below and after making certain adjustments to show :-

- i) the financial position of the Matrix Concepts Group as at 31 December 2012 adjusted for the bonus issue, public issue and utilisation of listing proceeds;
- ii) the consolidated cash flows of the Matrix Concepts Group for the financial year ended 31 December 2012 adjusted for the bonus issue, public issue and utilisation of listing proceeds.

The Proforma Consolidated Financial Information, because of its nature may not give a true picture of the Matrix Concepts Group's actual financial position and cash flows. Further, such information does not predict the Group's future financial position and cash flows.

12. FINANCIAL INFORMATION (Cont'd)



It is the sole responsibility of the Directors of the Matrix Concepts Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines – Equity issued by the Securities Commission (“Prospectus Guidelines”). Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our letter is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor do we accept responsibility for such reports or opinions beyond that is owed to whom those reports or opinions were addressed by us at the date of their issues.

Our work, which involved no independent examination of any of the underlying financial information, is primarily comparing the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of the Matrix Concepts Group.

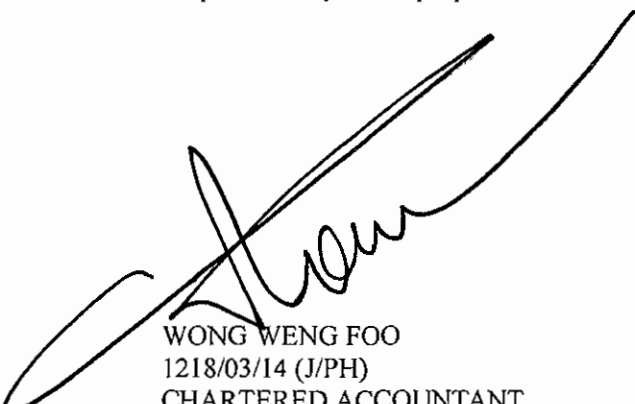
In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

- (a) have been properly compiled on a basis of preparation as stated in the notes thereto; such basis is consistent with the accounting policies adopted by the Matrix Concepts Group in the audited financial statements, unless otherwise stated;
- (b) the adjustments made to the information used in the preparation of the Proforma Consolidated Financial Information are appropriate for the purposes of the Proforma Consolidated Financial Information; and
- (c) the audited financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with the provisions of the Companies Act, 1965 in Malaysia and Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”) and in manner consistent with both the format of the financial statements and the accounting policies of the Matrix Concepts Group.

Our letter on the Proforma Consolidated Financial Information of the Matrix Concepts Group as at 31 December 2012 is prepared solely for inclusion in this Prospectus. This letter is not to be reproduced, referred to in any document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,


WONG WENG FOO & CO
AF: 0829
CHARTERED ACCOUNTANTS


WONG WENG FOO
1218/03/14 (J/PH)
CHARTERED ACCOUNTANT

12. FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. INTRODUCTION**

The Proforma Consolidated Financial Information has been prepared based on the audited consolidated financial statements of Matrix Concepts Holdings Berhad ("Matrix Concepts" or "the Company") for the financial year ended 31 December 2012 using the bases and accounting principles consistent with those adopted in the audited financial statements of Matrix Concepts after giving effect to the proforma adjustments which are considered appropriate.

The Proforma Consolidated Financial Information has been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of Matrix Concepts.

2. LISTING SCHEME

The transactions in conjunction with and as an integral part of the listing and quotation of the entire enlarged issued and paid-up share capital of Matrix Concepts on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") are as follow:-

(i) Bonus Issue

Bonus Issue of 186,399,060 new ordinary shares of RM1.00 each in Matrix Concepts ("Shares") to the existing shareholders on the basis of 3.6477 new Shares for every 1 existing Shares held in the Company through the capitalization of capital reserves and retained profits.

(ii) Initial Public Offering

Initial Public Offering ("IPO") of 100,000,000 ordinary shares in the Company ("IPO Shares") comprising 62,500,000 new Shares ("Public Issue") and 37,500,000 existing shares ("Offer for Sale") at an IPO Price of RM2.20 per Share, representing 33.33% of the enlarged issued and paid up capital of the Company and shall be allocated in the following manner:-

Public Issue**a) Malaysian Public via balloting**

10,000,000 IPO Shares, representing 3.33% of the enlarged issued and paid-up capital of the Company, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions by way of balloting.

b) Eligible Directors and Employees of Matrix Concepts and its subsidiaries ("Group") and persons who have contributed to the success of the Group.

8,808,000 IPO Shares, representing 2.94% of the enlarged issued and paid-up capital of the Company, will be made available for application by eligible directors and employees of the Group and persons who have contributed to the success of the Group.

12. FINANCIAL INFORMATION (Cont'd)

LISTING SCHEME ("CONTINUED")

c) Selected Investors by way of Private Placement

43,692,000 IPO Shares, representing 14.56% of the enlarged issued and paid-up capital of the Company will be made available for application by way of private placement to selected investors.

Offer for Sale

a) Bumiputera Investors by way of Private Placement

32,500,000 IPO Shares, representing approximately 10.83% of the enlarged issued and paid-up share capital, will be made available for application by way of private placement to eligible Bumiputera investors approved by the Ministry of International Trade and Industry.

b) Selected Investors by way of Private Placement

5,000,000 IPO Shares, representing approximately 1.67% of the enlarged issued and paid-up share capital, will be made available for application by way of private placement to selected investors.

(iii) Employee Share Option Scheme ("ESOS")

In conjunction with the Listing, Matrix Concepts proposes to implement an ESOS which entails the issuance of up to ten percent (10%) of Matrix Concepts' issued and paid-up share capital at any one time pursuant to the options to be granted under the ESOS, to eligible Directors and employees of the Group.

Thereafter, the entire enlarged issued and paid-up share capital of the Company comprising 300,000,000 Shares shall be listed on the Main Market of Bursa Securities.

3. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

The Proforma Consolidated Financial Information has been prepared to illustrate that:-

- a) the financial position of the Company at 31 December 2012 adjusted for the Bonus Issue, Public Issue and utilisation of gross proceeds arising from Public Issue ("Utilisation of Listing Proceeds"); and
- b) the consolidated cash flows of the Company for the financial year ended 31 December 2012 adjusted for the Bonus Issue, Public Issue and Utilisation of Listing Proceeds.

The Proforma Consolidated Financial Information has been prepared in accordance with the provisions of the Companies Act, 1965 in Malaysia and Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB") after incorporating adjustments that are appropriate for the preparation of the Proforma Consolidated Financial Information.

There were no extraordinary or exceptional items in all the financial years under review.



12. FINANCIAL INFORMATION (Cont'd)**BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION ("CONTINUED")**

The Proforma Consolidated Statement of Financial Position together with accompanying notes thereon, have been prepared based on accounting principles and bases consistent with those adopted in the preparation of audited financial statements of Matrix Concepts Group to illustrate the Consolidated Statement of Financial Position of Matrix Concepts Group assuming that all the transactions mentioned below had taken place on 31 December 2012:

(i) Proforma I

After incorporating the effect of Bonus Issue as stated in Section 2 (i).

(ii) Proforma II

After incorporating the effect of Proforma I and Public Issue as stated in Section 2 (ii).

(iii) Proforma III

After incorporating the effect of Proforma I, Proforma II, and Utilisation of Listing Proceeds amounting to RM137,500,000 as follows:

	RM'000
Working capital	55,000
Infrastructure and common facilities	55,000
Construction of clubhouse	10,000
Repayment of bank borrowings	11,000
Estimated listing expenses	6,500
	<u>137,500</u>



12. FINANCIAL INFORMATION (Cont'd)

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Proforma Consolidated Statement of Financial Position of Matrix Concepts Group as at 31 December 2012 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in the Basis of Preparation of Proforma Consolidated Financial Information on the assumption that these transactions were completed on 31 December 2012:-

	Note	Matrix Concepts Group			
		RM'000 Audited	RM'000 Proforma I	RM'000 Proforma II	RM'000 Proforma III
ASSETS					
Non-Current Assets					
Property, plant and equipment	5.1	11,517	11,517	11,517	21,517
Investments properties	5.2	1,400	1,400	1,400	1,400
Development properties	5.3	30,314	30,314	30,314	30,314
Deferred tax assets	5.4	2,017	2,017	2,017	2,017
Goodwill arising on consolidation	5.5	*	*	*	*
		45,248	45,248	45,248	55,248
Current Assets					
Development properties in progress	5.6	373,764	373,764	373,764	428,764
Inventories	5.7	2,401	2,401	2,401	2,401
Trade receivables	5.8	101,040	101,040	101,040	101,040
Amount due from contract customers	5.9	18,818	18,818	18,818	18,818
Other receivables, deposits and prepayments	5.10	15,125	15,125	15,125	15,125
Deposits, cash and bank balances	5.11	30,727	30,727	168,227	85,727
		541,875	541,875	679,375	651,875
Total Assets		587,123	587,123	724,623	707,123

* Represents RM1



12. FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
("CONTINUED")

	Note	Matrix Concepts Group			
		RM'000 Audited	RM'000 Proforma I	RM'000 Proforma II	RM'000 Proforma III
EQUITY					
Share capital	5.12	51,101	237,500	300,000	300,000
Retained profits	5.13	290,529	104,130	104,130	101,597
Capital reserves	5.14	303	303	303	303
Share premium	5.15	-	-	75,000	71,033
Shareholders' equity		341,933	341,933	479,433	472,933
Non-Controlling interest	5.16	*	*	*	*
Total Equity		341,933	341,933	479,433	472,933
LIABILITIES					
Non-Current Liabilities					
Hire-purchase payables	5.17	288	288	288	288
Term loans	5.18(a)	17,575	17,575	17,575	6,575
		17,863	17,863	17,863	6,863
Current Liabilities					
Trade payables	5.19	48,038	48,038	48,038	48,038
Progress billings	5.20	14,005	14,005	14,005	14,005
Retention sums	5.21	486	486	486	486
Other payables, deposits and accruals	5.22	127,634	127,634	127,634	127,634
Amount due to directors	5.23	8,000	8,000	8,000	8,000
Amount due to contract customers	5.9	12,611	12,611	12,611	12,611
Hire-purchase payables	5.17	582	582	582	582
Term loans	5.18(a)	3,565	3,565	3,565	3,565
Bank overdrafts	5.18(b)	333	333	333	333
Current income tax liabilities	5.24	12,073	12,073	12,073	12,073
		227,327	227,327	227,327	227,327
Total Liabilities		245,190	245,190	245,190	234,190
Total Equity and Liabilities		587,123	587,123	724,623	707,123
Number of ordinary shares in issue ('000)		51,101	237,500	300,000	300,000
Net Tangible Assets per ordinary shares of RM1.00 each (RM)		6.7	1.4	1.6	1.6
Net Assets per ordinary shares of RM1.00 each (RM)		6.7	1.4	1.6	1.6
* Represents RM1					



12. FINANCIAL INFORMATION (Cont'd)

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
("CONTINUED")**

5.1 Property, plant and equipment

The movement of the property, plant and equipment is as follows:-

	RM'000
Carrying amount at 31 December 2012/ Proforma I and II	11,517
Addition: Construction of clubhouse Proforma III	10,000
	<u>21,517</u>

5.2 Investment properties

	RM'000
At 31 December 2012/ Proforma I, II and III	<u>1,400</u>

5.3 Development Properties

	RM'000
Land at cost	1,398
Land at group cost	21,890
Development cost	6,956
	<u>30,244</u>
Add: Cost incurred during the year Development cost	70
At 31 December 2012/ Proforma I, II and III	<u>30,314</u>

5.4 Deferred Tax Assets

	RM'000
Balance at 1 January	2,014
Transferred from statement of comprehensive income	3
At 31 December 2012/ Proforma I, II and III	<u>2,017</u>



12. FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
("CONTINUED")****5.5 Goodwill Arising on Consolidation**

	RM'000
Goodwill arising on consolidation	18
Less: Accumulated amortization during the year	<u>(18)</u>
At 31 December 2012/ Proforma I, II and III	<u>*</u>

* Represents RM1

5.6 Development Properties in Progress

	RM'000
Land at cost	37,291
Development cost	<u>308,442</u>
Add: Cost incurred during the year	345,733
Land at cost	54,814
Development cost	277,793
Less: Cost recognized as expense in statement of comprehensive income	<u>(304,576)</u>
At 31 December 2012/ Proforma I to II	373,764
Add: Infra and common facilities	<u>55,000</u>
Proforma III	<u>428,764</u>

5.7 Inventories

These comprise completed properties at cost balance at 31 December 2012/
Proforma I, II and III

5.8 Trade receivables

Trade receivables mainly consist of amount due from property buyers' balance at
31 December 2012/ Proforma I, II and III



12. FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
("CONTINUED")****5.9 Amount Due From Contracts Customers**

	RM'000
Contract cost incurred to date at 31 December 2012	31,308
Proportion of estimated profit accrued	-
	<u>31,308</u>
Less: Progress billings received and receivable	(25,101)
At 31 December 2012/ Proforma I, II and III	<u>6,207</u>
Represented by:	
Amount due from customers for construction contracts	18,818
Amount due to customers for construction contracts	(12,611)
At 31 December 2012/ Proforma I, II and III	<u>6,207</u>

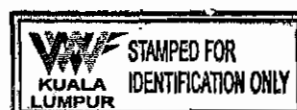
5.10 Other Receivables, Deposits and Prepayments

	RM'000
Other receivables	12,818
Deposits	610
Prepayments	1,697
At 31 December 2012/ Proforma I, II and III	<u>15,125</u>

5.11 Deposits, Cash and Bank Balances

The movement of the deposits, cash and bank balances is as follows:-

	RM'000
Fixed deposits with licensed banks	5,155
Cash and bank balances	25,572
At 31 December 2012/ Proforma I	<u>30,727</u>
Listing Proceeds	137,500
Proforma II	<u>168,227</u>
Utilization of Listing Proceeds	
-Infrastructure and common facilities	(55,000)
-Construction of clubhouse	(10,000)
-Repayment of bank borrowings	(11,000)
-Estimated listing expenses	(6,500)
Proforma III	<u>85,727</u>



12. FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
("CONTINUED")****5.12 Share Capital**

The movement of the share capital is as follows:-

	RM'000
Issued and fully paid:-	
At 31 December 2012	51,101
Bonus Issue	186,399
Proforma I	<u>237,500</u>
Public Issue	62,500
Proforma II and III	<u>300,000</u>

5.13 Retained Profits

The movement of the retained profits is as follows:-

	RM'000
Distributable:-	
Retained profits at 31 December 2012	290,529
Utilised for Bonus Issue	<u>(186,399)</u>
Proforma I and II	104,130
Less: Estimated listing expenses	<u>(2,533)</u>
Proforma III	<u>101,597</u>

Estimated listing expenses of RM2,533,000 is expensed off to the Statements of Comprehensive Income and this represents a one-off expenditure pursuant to Listings.

The remaining estimated listing expenses for issuance of new shares of RM3,967,000 will be written off against the share premium account under Section 60 of the Companies Act, 1965.

5.14 Capital Reserves

	RM'000
Non Distributable:-	
At 31 December 2012/ Proforma I, II and III	<u>303</u>

5.15 Share Premium

The movement of the share premium is as follows:-

	RM'000
Non Distributable:-	
Share premium at 31 December 2012/ Proforma I	-
Arising from Public Issue	<u>75,000</u>
Proforma II	75,000
Less: Estimated listing expenses (5.13)	<u>(3,967)</u>
Proforma III	<u>71,033</u>



12. FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
("CONTINUED")

5.16 Non-Controlling Interest

Non-controlling interest at 31 December 2012/ Proforma I, II and III

5.17 Hire Purchase Payables

	RM'000
Minimum payments	
- not later than 1 year	743
- later than 1 year and not later than 5 years	238
	<u>981</u>
Less: Future hire-purchase charges	(111)
Present value at 31 December 2012/ Proforma I, II, and III	<u>870</u>
 Total payable at 31 December 2012/ Proforma I, II, and III	 870
Less: Payable within 1 year after 31 December 2012	<u>(582)</u>
Payable after 1 year from 31 December 2012	<u>288</u>

5.18 Term Loans and Bank Overdrafts (Secured)

The movement of the term loans and bank overdrafts (secured) is as follows:-

	RM'000
(a) <u>Non-current</u>	
At 31 December 2012/ Proforma I and II	17,575
Less: Repayment	<u>(11,000)</u>
Proforma III	<u>6,575</u>
 <u>Current</u>	
At 31 December 2012/Proforma I, II and III	<u>3,565</u>
 (b) Bank overdrafts at 31 December 2012/ Proforma I, II and III	 <u>333</u>



12. FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
("CONTINUED")**

5.19 Trade payables		RM'000
	Trade debts payable at 31 December 2012/ Proforma I, II and III	<u>48,038</u>
5.20 Progress Billings		RM'000
	Progress Billings at 31 December 2012/ Proforma I, II and III	<u>14,005</u>
5.21 Retention Sums		RM'000
	Retention sums at 31 December 2012/ Proforma I, II and III	<u>486</u>
5.22 Other Payables, Deposits and Accruals		RM'000
	Other payables	1,960
	Deposits	29,578
	Accruals	96,096
	At 31 December 2012/ Proforma I, II and III	<u>127,634</u>
5.23 Amount Due To Directors		RM'000
	At 31 December 2012/ Proforma I, II and III	<u>8,000</u>
5.24 Current Income Tax Liabilities		
	Current income tax liabilities represent provision for income tax payable to the Inland Revenue at 31 December 2012/ Proforma I, II and III	



12. FINANCIAL INFORMATION (Cont'd)**6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

The Proforma Consolidated Statement of Cash Flows of Matrix Concepts Group for the financial year ended 31 December 2012 as set out below:-

	RM'000
	Proforma
Cash flows From Operating Activities	
Profit before income tax	142,764
Adjustments for:-	
Depreciation	2,338
Interest income	(438)
Interest expense	1,545
Gain on disposal of property, plant and equipment	(64)
Operating profit before working capital changes	<u>146,145</u>
Working capital changes:	
Increase in inventories	(1,639)
Increase in development properties	(70)
Increase in development properties in progress	(83,031)
Increase in receivables	(33,755)
Decrease in payables	(7,785)
Cash generated from operations	<u>19,865</u>
Interest received	438
Interest paid	(1,545)
Tax paid	(39,163)
Tax refunded	20
<i>Net cash used in operating activities</i>	<u>(20,385)</u>
Cash Flows From Investing Activities	
Purchase of property, plant and equipment	(12,848)
Proceeds from disposal of property, plant and equipment	64
<i>Net cash used in investing activities</i>	<u>(12,784)</u>

12. FINANCIAL INFORMATION (Cont'd)

**PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS
("CONTINUED")**

	Note	RM'000 Proforma
Cash Flows From Financing Activities		
Proceeds from term loan		11,000
Dividends paid		(20,132)
Proceeds from issuance of shares		137,500
Repayment of term loan		(16,603)
Hire purchase instalments paid		(665)
Payment of listing expenses		<u>(6,500)</u>
<i>Net cash generated from financing activities</i>		<u>104,600</u>
Net changes in cash & cash equivalents		71,431
Cash & cash equivalents brought forward		<u>13,963</u>
Cash & cash equivalents carried forward	6.1	<u>85,394</u>

6.1 Cash and Cash Equivalents

	RM'000
Fixed deposits with licensed banks	5,155
Cash and bank balances	<u>80,572</u>
	85,727
Less: Bank overdrafts	<u>(333)</u>
Cash & cash equivalents carried forward	<u>85,394</u>

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited consolidated financial statements of Matrix Concept Group as at 31 December 2012, with the assumption that Bonus Issue, Public Issue and Utilisation of Listing Proceeds have been completed as at 31 December 2012.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of the audited financial statement of Matrix Concepts Group.



12. FINANCIAL INFORMATION (Cont'd)**12.3 CAPITALISATION AND INDEBTEDNESS**

The table below sets out our proforma cash and bank balances, fixed deposits placed with licensed banks, capitalisation and indebtedness:

- (a) as at 31 December 2012 based on our consolidated statements of financial position after the Bonus Issue but before the IPO; and
- (b) as adjusted for the net proceeds from the Public Issue and the utilisation of proceeds from the Public Issue.

	Audited FYE 31 December 2012 RM'000	Proforma I After the Bonus Issue RM'000	Proforma II After Proforma I, IPO and utilisation of proceeds RM'000
Fixed deposits placed with licensed banks	5,155	5,155	5,155
Cash and bank balances	25,572	25,572	80,572
	30,727	30,727	85,727
Indebtedness			
Secured and guaranteed			
<u>Long term</u>			
Term loans	17,575	17,575	6,575
Hire purchases	288	288	288
	17,863	17,863	6,863
<u>Short term</u>			
Term loans	3,565	3,565	3,565
Bank overdraft	333	333	333
Hire purchases	582	582	582
	4,480	4,480	4,480
Total indebtedness	22,343	22,343	11,343
Capitalisation			
Shareholders' equity	341,933	341,933	472,933
Total capitalisation and indebtedness	364,276	364,276	484,276

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12. FINANCIAL INFORMATION (Cont'd)**12.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the consolidated financial information and the related notes thereon for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 and FYE 31 December 2012 as set out in Section 12.2 of this Prospectus.

The consolidated financial statements of our Group for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 and FYE 31 December 2012 are prepared based on the audited financial statements of the respective companies in our Group. In this section, unless otherwise indicated, figures shown in respect of the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 and FYE 31 December 2012 are derived from our consolidated financial statements as disclosed.

Unless otherwise indicated, statistical and certain other information relating to the industry in which we operate and contained in this section are based on or derived from data prepared by the IMR. Much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution. This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

12.4.1 Overview of operations

We are principally an investment holding company, while our subsidiary companies are mainly involved in property development, investment holding, project management and procurement of building materials and administrative services. Our revenue is derived primarily from property development activities and sales of land.

(i) Revenue

Property development revenue is recognised in respect of all development units that have been sold and commences when the sale of the development units is effected i.e. upon signing of the sale and purchase agreement, upon the commencement of the development activities and when the financial outcome can be reliably measured and specific recognition criteria have been met. Revenue from sale of development properties is accounted for by the stage of completion method in respect of all property units which have been sold. The attributable portion of property development cost is recognised as an expense in which the related revenue is recognised. The stage of completion is determined by reference to the project costs incurred to date to the estimated total property development costs where the outcome of the projects can be reliably estimated.

12. FINANCIAL INFORMATION (Cont'd)

In the event of a termination of a sale and purchase agreement involving uncompleted landed residential property whereby the customer is able to prove that he is unable to obtain a loan from a financier due to ineligibility of income, our Group is entitled to forfeit a maximum of 1% of the purchase price of the development property from the deposit sum paid, in accordance with Schedule G of the *Housing Development (Control and Licensing) Regulations 1989*. In the event of a termination of a sale and purchase agreement involving our commercial and industrial development properties which is not governed under the aforementioned regulation, we are entitled to forfeit the entire 10% deposit sum paid, in accordance with the sale and purchase agreement entered into with the customers. Notwithstanding this, it is our policy for the house buyers to obtain a preliminary approval for the financing of their purchase of our residential development properties upon the signing of the sale and purchase agreement.

(ii) Cost of sales, GP and GP Margin

Our cost of sales mainly comprises property development expenses which include land cost, purchase of building materials and sub-contracting costs, amongst others. We outsource the building and construction activities to external sub-contractors. However, we have our own internal procurement arm to source most of the building and construction materials for the building and construction of our own property development projects.

Purchase of building materials comprise mainly of purchases of steel bars and metal, concrete, clay materials, concrete materials, premix, crusher run, aggregates, quarry dust, cement, wood materials and others. We engage various services and sub-contractors for all of our projects. Purchase of services and sub-contracted works were mainly for building and construction works, earthworks, civil engineering works, interior works, mechanical and electrical works and others. We have implemented internal control procedures for the selection of our suppliers and contractors to ensure they meet certain criteria in terms of pricing, track record, financial strength, quality, efficiency, reliability and capacity.

The time taken for various stages of construction work such as the earthworks, piling, structural and architectural works is critical in determining the completion of projects which affects our revenue recognition. Timely completion of each of the stages is essential to ensure the completion of projects according to the schedule and consequently, the revenue generation for each project.

Included in cost of sales are, amongst others, labour costs, developer license fees, professional fees including architectural, civil and structural fees, surveyor fees, legal fees, valuation fees and payment to the authorities for purposes such as development and building plan approvals.

The main factors that affect our cost of sales include amongst others, the fluctuation on the prices of building materials, our ability to source for building materials and sub-contractors at reasonable prices and our ability to execute our projects in a timely and cost effective manner.

(iii) Other operating income

Our other operating income mainly represents interest income earned from fixed deposits with financial institutions and rental income derived from properties owned by our Group. Interest income is recognised as it accrues, using the effective interest method whilst rental income is recognised on an accrual basis.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Operating and administrative expenses**

Our general and administrative expenses comprise mainly of salary and staff related expenses including bonuses, allowances, director's remuneration and other staff incentives as well as other operating expenses such as audit fees and rental of premises.

The main factors that affect our operating expenses include amongst others, our level of operations, staff strength, prevailing wage rates, rental rates and our ability to manage our business operations and control our operating expenses.

(v) Finance costs

Finance costs are mainly interest charged for bank borrowings, which consist of term loans, bank overdrafts and hire purchase utilised by our Group.

(vi) Taxation

The statutory tax rate for our Group for FYE 31 December 2009 to 2012 was 25%.

12.4.2 Revenue**(i) Analysis of revenue by companies**

The revenue analysis by companies is as set out below:

	----- Audited ----->							
	----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Matrix Concepts	-	-	-	-	-	-	206,393	18.8
BSS Development	91,490	21.5	101,797	27.9	500,064	56.4	372,654	33.9
Masuda Corporation	-	-	-	-	-	-	52,413	4.8
Matrix	69,969	16.4	93,733	25.7	101,643	11.5	92,939	8.5
MCHB Natro'	463	0.1	863	0.2	855	0.1	380	*
MCHB Properties	-	-	-	-	-	-	-	-
1 Sendayan Education	-	-	-	-	22,500	2.5	-	-
Pembinaan Juwasan	3,248	0.8	2,853	0.8	3,986	0.4	41,079	3.7
Riverine Projects	-	-	-	-	-	-	-	-
Seventech	42,190	9.9	339	0.1	-	-	-	-
Superb Approach	(20)	-*	-	-	-	-	-	-
Insani Utama	-	-	-	-	-	-	-	-
MCHB Management	20,132	4.7	21,434	5.9	46,432	5.2	40,833	3.7
Kris Benua	2,703	0.6	3,917	1.1	7,613	0.9	16,596	1.5
1 Sendayan Club	44	-*	-	-	-	-	-	-
Juwasan Maju	177,371	41.7	124,929	34.3	184,337	20.8	214,174	19.5
Juwasan Trading	18,133	4.3	14,388	4.0	19,908	2.2	60,322	5.5
Sub-total	425,723	100.0	364,253	100.0	887,338	100.0	1,097,783	100.0
Less: Consolidation adjustment ⁽¹⁾	(221,677)	(52.1)	(168,620)	(46.3)	(263,088)	(29.6)	(641,714)	(58.5)
Total	204,046	47.9	195,633	53.7	624,250	70.4	456,069	41.5

Notes:

* Negligible.

(1) The consolidation adjustments are in relation to inter-company transactions.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of revenue by projects**

The revenue analysis by projects is as set out below:

	<----- Audited ----->							
	<----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taman Seri Impian 1	236	0.1	-	-	-	-	-	-
Taman Seri Impian 2 (Parcel 1)	17,063	8.4	-	-	-	-	-	-
Taman Seri Impian 2 (Parcel 2)	23,466	11.5	20,986	10.7	-	-	-	-
Taman Pulau Perdana	29,059	14.2	-	-	-	-	-	-
Taman Desa PD 1	93	-*	-	-	-	-	-	-
Taman Desa PD 2 (Phase 1)	-	-	31,151	15.9	12,742	2.0	2,326	0.5
Taman Seri Impian 3 (Impiana Garden 1 & 2)	-	-	33,073	16.9	46,869	7.5	(35)	-*
Impiana Avenue	-	-	7,937	4.1	2,946	0.5	-	-
Taman Seri Impian 4 (Impiana Casa 1)	-	-	-	-	11,865	1.9	45,521	10.0
Impiana Villa 1	-	-	-	-	27,220	4.4	35,482	7.8
Taman Seri Intan	44	-*	-	-	-	-	-	-
Taman Anggerik Tenggara 2	42,190	20.7	339	0.2	-	-	-	-
Nusari Bayu 1	90,776	44.5	22,394	11.4	-	-	-	-
Nusari Bayu 2A	-	-	42,402	21.7	-	-	-	-
Nusari Bayu 3 (Phase 1 & 2)	-	-	-	-	39,145	6.3	93,163	20.4
Atiya	-	-	5,209	2.7	-	-	-	-
Cosmoxia	-	-	-	-	11,651	1.9	-	-
Idaman Bayu	-	-	21,528	11.0	18,013	2.9	-	-
Nusari Aman 1A & 1B	-	-	-	-	34,191	5.5	98,202	21.5
Nusari Aman 2 & 2A	-	-	-	-	66,361	10.6	60,983	13.3
Sendayan Metro Park Shop 1A	-	-	-	-	6,224	1.0	7,573	1.7
Sendayan Metro Park	719	0.4	10,338	5.3	9,104	1.4	-	-
Sendayan Tech Valley 1 & 2	-	-	-	-	21,389	3.4	79,830	17.5
Sales of land	400	0.2	276	0.1	316,530	50.7	33,024	7.3
Total	204,046	100.0	195,633	100.0	624,250	100.0	456,069	100.0

Note:

* Negligible.

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12. FINANCIAL INFORMATION (Cont'd)**(iii) Analysis of revenue by activities**

Our property development products can be categorised into commercial, residential and industrial properties as set out below:

	----- Audited -----							
	----- FYE 31 December -----							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Residential	187,405	91.8	176,743	90.4	254,719	40.8	328,060	71.9
Commercial	16,241	8.0	18,614	9.5	31,612	5.1	15,155	3.3
Industrial	-	-	-	-	21,389	3.4	79,830	17.5
Sales of land	400	0.2	276	0.1	316,530	50.7	33,024	7.3
Total	204,046	100.0	195,633	100.0	624,250	100.0	456,069	100.0

(iv) Analysis of revenue by geographical market

Our Group's revenue for the financial years under review were all derived from Negeri Sembilan and Johor, the breakdown of which is as follows:

	----- Audited -----							
	----- FYE 31 December -----							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Negeri Sembilan	121,091	59.3	133,022	68.0	535,350	85.8	375,101	82.2
Johor	82,955	40.7	62,611	32.0	88,900	14.2	80,968	17.8
Total	204,046	100.0	195,633	100.0	624,250	100.0	456,069	100.0

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12. FINANCIAL INFORMATION (Cont'd)**12.4.3 Cost of sales****(i) Analysis of cost of sales by companies**

The cost of sales analysis by companies is as set out below:

	←----- Audited ----->							
	←----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Matrix Concepts	-	-	-	-	-	-	-	-
BSS Development	86,589	23.4	83,490	27.8	418,341	58.3	247,749	43.7
Masuda Corporation	26	-*	4	-*	16	-*	4	-*
Matrix	61,233	16.6	78,058	26.0	80,681	11.2	58,631	10.3
MCHB Natro'	193	0.1	339	0.1	427	0.1	93	-*
MCHB Properties	-	-	-	-	-	-	-	-
1 Sendayan Education	-	-	-	-	21,426	3.0	-	-
Pembinaan Juwasan	-	-	-	-	-	-	-	-
Riverine Projects	-	-	-	-	-	-	-	-
Seventech	36,847	9.9	173	0.1	^(534)	(0.1)	1	-*
Superb Approach	2	-*	2	-*	-	-	-	-
Insani Utama	-	-	-	-	-	-	-	-
MCHB Management	8,151	2.2	9,763	3.2	13,183	1.8	14,236	2.5
Kris Benua	-	-	-	-	-	-	-	-
1 Sendayan Club	26	-*	3	-*	3	-*	2	-*
Juwasan Maju	162,478	43.9	115,958	38.7	165,562	23.1	188,562	33.3
Juwasan Trading	14,359	3.9	12,226	4.1	18,299	2.6	57,941	10.2
Sub-total	369,904	100.0	300,016	100.0	717,404	100.0	567,219	100.0
Less: Consolidation adjustment ⁽¹⁾	(212,216)	(57.4)	(161,099)	(53.7)	(241,576)	(33.7)	(303,878)	53.6
Total	157,688	42.6	138,917	46.3	475,828	66.3	263,341	46.4

Notes:

* Negligible.

^ Due to the reversal of costs for the completed Taman Anggerik Tenggara 2 development project.

(1) The consolidation adjustments are in relation to inter-company transactions.

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of cost of sales by projects**

The cost of sales analysis by projects is as set out below:

	←----- Audited ----->							
	←----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taman Seri Impian 1	174	0.1	-	-	-	-	-	-
Taman Seri Impian 2 (Parcel 1)	12,649	8.1	-	-	-	-	-	-
Taman Seri Impian 2 (Parcel 2)	16,104	10.2	17,187	12.4	-	-	-	-
Taman Pulau Perdana	23,034	14.6	-	-	-	-	-	-
Taman Desa PD 1	78	-*	-	-	-	-	-	-
Taman Desa PD 2 (Phase 1)	-	-	22,608	16.3	6,370	1.3	1,492	0.6
Taman Seri Impian 3 (Impiana Gardén 1 & 2)	-	-	22,466	16.2	36,713	7.7	-	-
Impiana Avenue	-	-	4,886	3.5	1,736	0.4	-	-
Taman Seri Impian 4 (Impiana Casa 1)	-	-	-	-	6,528	1.4	29,533	11.2
Impiana Villa 1	-	-	-	-	16,153	3.4	22,280	8.5
Taman Seri Intan	-	-	-	-	-	-	-	-
Taman Anggerik Tenggara 2	30,914	19.6	173	0.1	(534)	(0.1)	-	-
Nusari Bayu 1	73,283	46.5	15,690	11.3	-	-	-	-
Nusari Bayu 2A	-	-	30,342	21.8	-	-	-	-
Nusari Bayu 3 (Phase 1 & 2)	-	-	-	-	23,462	4.9	53,330	20.3
Atiya	-	-	2,714	2.0	-	-	-	-
Cosmoxia	-	-	-	-	5,834	1.2	-	-
Idaman Bayu	-	-	15,902	11.4	13,097	2.8	-	-
Nusari Aman 1A & 1B	-	-	-	-	20,231	4.3	59,510	22.6
Nusari Aman 2 & 2A	-	-	-	-	39,275	8.3	38,002	14.4
Sendayan Metro Park Shop 1A	-	-	-	-	3,629	0.8	4,790	1.8
Sendayan Metro Park	1,032	0.7	6,672	4.8	3,859	0.8	-	-
Sendayan Tech Valley 1& 2	-	-	-	-	12,037	2.5	29,025	11.0
Sales of land	405	0.2	277	0.2	287,438	60.4	25,379	9.6
Others	15	-*	-	-	-	-	-	-
Total	157,688	100.0	138,917	100.0	475,828	100.0	263,341	100.0

Note:

* Negligible.

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12. FINANCIAL INFORMATION (Cont'd)**(iii) Analysis of cost of sales by activities**

Our cost of sales by property development products can be categorised into commercial, residential and industrial properties as set out below:

	----- Audited ----->							
	----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Residential	144,906	91.9	126,909	91.4	159,070	33.4	199,327	75.7
Commercial	12,362	7.8	11,731	8.4	17,817	3.7	9,610	3.7
Industrial	-	-	-	-	12,037	2.5	29,025	11.0
Sales of land	405	0.3	277	0.2	287,438	60.4	25,379	9.6
Others	15	-*	-	-	(534)	(0.1)	-	-
Total	157,688	100.0	138,917	100.0	475,828	100.0	263,341	100.0

Note:

* Negligible.

12.4.4 GP and GP margin**(i) Analysis of GP and GP margin by companies**

The GP analysis by companies is as set out below:

	----- Audited ----->							
	----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Matrix Concepts	-	-	-	-	-	-	206,393	38.9
BSS Development	4,901	8.8	18,307	28.5	81,723	48.1	124,905	23.5
Masuda Corporation	(26)	-*	(4)	-*	(16)	-*	52,409	9.9
Matrix	8,736	15.6	15,675	24.4	20,962	12.3	34,308	6.5
MCHB Natro'	270	0.5	524	0.8	428	0.3	287	0.1
MCHB Properties	-	-	-	-	-	-	-	-
1 Sendayan Education	-	-	-	-	1,074	0.6	-	-
Pembinaan Juwasan	3,248	5.8	2,853	4.4	3,986	2.4	41,079	7.7
Riverine Projects	-	-	-	-	-	-	-	-
Seventech	5,343	9.6	166	0.3	534	0.3	(1)	-*
Superb Approach	(22)	-*	(2)	-*	-	-	-	-
Insani Utama	-	-	-	-	-	-	-	-
MCHB Management	11,981	21.5	11,671	18.2	33,249	19.6	26,597	5.0
Kris Benua	2,703	4.8	3,917	6.1	7,613	4.5	16,596	3.1
1 Sendayan Club	18	-*	(3)	-*	(3)	-*	(2)	-*
Juwasan Maju	14,893	26.7	8,971	14.0	18,775	11.0	25,612	4.8
Juwasan Trading	3,774	6.7	2,162	3.3	1,609	0.9	2,381	0.5
	55,819	100.0	64,237	100.0	169,934	100.0	530,564	100.0
Less: Consolidation adjustment ⁽¹⁾	(9,461)	(16.9)	(7,521)	(11.7)	(21,512)	(12.7)	(337,836)	(63.7)
Total	46,358	83.1	56,716	88.3	148,422	87.3	192,728	36.3

Notes:

* Negligible.

(1) The consolidation adjustments are in relation to inter-company transactions.

12. FINANCIAL INFORMATION (Cont'd)

The GP margin analysis by projects is as set out below:

	----- Audited ----- -->			
	----- FYE 31 December ----- -->			
	2009	2010	2011	2012
	%	%	%	%
Taman Seri Impian 1	26.3	-	-	-
Taman Seri Impian 2 (Parcel 1)	25.9	-	-	-
Taman Seri Impian 2 (Parcel 2)	31.4	18.1	-	-
Taman Pulau Perdana	20.7	-	-	-
Taman Desa PD 1	16.1	-	-	-
Taman Desa PD 2 (Phase 1)	-	27.4	50.0	35.9
Taman Seri Impian 3 (Impiana Garden 1 & 2)	-	32.1	21.7	-
Impiana Avenue	-	38.4	41.1	-
Taman Seri Impian 4 (Impiana Casa 1)	-	-	45.0	35.1
Impiana Villa 1	-	-	40.7	37.2
Taman Seri Intan	100.0	-	-	-
Taman Anggerik Tenggara 2	26.7	49.0	-	-
Nusari Bayu 1	19.3	29.9	-	-
Nusari Bayu 2A	-	28.4	-	-
Nusari Bayu 3 (Phase 1 & 2)	-	-	40.1	42.8
Atiya	-	47.9	-	-
Cosmoxia	-	-	49.9	-
Idaman Bayu	-	26.1	27.3	-
Nusari Aman 1A & 1B	-	-	40.8	39.4
Nusari Aman 2 & 2A	-	-	40.8	38.9
Sendayan Metro Park Shop 1A	-	-	41.7	36.7
Sendayan Metro Park	(43.5)	25.5	57.6	-
Sendayan Tech Valley 1 & 2	-	-	43.7	63.6
Sales of land	(1.3)	(0.4)	9.2	23.1
Overall GP Margin	22.7	29.0	23.8	42.3

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12. FINANCIAL INFORMATION (Cont'd)

(ii) Analysis of GP and GP margin by projects

The GP analysis by projects is as set out below:

	←----- Audited ----->							
	←----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taman Seri Impian 1	62	0.1	-	-	-	-	-	-
Taman Seri Impian 2 (Parcel 1)	4,414	9.5	-	-	-	-	-	-
Taman Seri Impian 2 (Parcel 2)	7,362	15.9	3,799	6.7	-	-	-	-
Taman Pulai Perdana	6,025	13.0	-	-	-	-	-	-
Taman Desa PD 1	15	*	-	-	-	-	-	-
Taman Desa PD 2 (Phase 1)	-	-	8,543	15.0	6,372	4.3	834	0.4
Taman Seri Impian 3 (Impiana Garden 1 & 2)	-	-	10,607	18.7	10,156	6.8	(35)	*
Impiana Avenue	-	-	3,051	5.4	1,210	0.8	-	-
Taman Seri Impian 4 (Impiana Casa 1)	-	-	-	-	5,337	3.6	15,988	8.3
Impiana Villa 1	-	-	-	-	11,067	7.5	13,202	6.8
Taman Seri Intan	44	0.1	-	-	-	-	-	-
Taman Anggerik Tenggara 2	11,276	24.3	166	0.3	534	0.4	-	-
Nusari Bayu 1	17,493	37.8	6,704	11.8	-	-	-	-
Nusari Bayu 2A	-	-	12,060	21.3	-	-	-	-
Nusari Bayu 3 (Phase 1 & 2)	-	-	-	-	15,683	10.6	39,833	20.7
Atiya	-	-	2,495	4.4	-	-	-	-
Cosmoxia	-	-	-	-	5,817	3.9	-	-
Idaman Bayu	-	-	5,626	9.9	4,916	3.3	-	-
Nusari Aman 1A & 1B	-	-	-	-	13,960	9.4	38,692	20.1
Nusari Aman 2 & 2A	-	-	-	-	27,086	18.2	22,981	11.9
Sendayan Metro Park Shop 1A	-	-	-	-	2,595	1.9	2,783	1.4
Sendayan Metro Park	(313)	(0.7)	3,666	6.5	5,245	3.5	-	-
Sendayan Tech Valley 1 & 2	-	-	-	-	9,352	6.3	50,805	26.4
Sales of land	(5)	*	(1)	*	29,092	19.6	7,645	4.0
Others	(15)	*	-	-	-	-	-	-
Total	46,358	100.0	56,716	100.0	148,422	100.0	192,728	100.0

Note:

* Negligible.

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12. FINANCIAL INFORMATION (Cont'd)

The GP margin analysis by projects is as set out below:

	<----- Audited ----->			
	-->			
	<----- FYE 31 December ----->			
	->			
	2009	2010	2011	2012
	%	%	%	%
Taman Seri Impian 1	26.3	-	-	-
Taman Seri Impian 2 (Parcel 1)	25.9	-	-	-
Taman Seri Impian 2 (Parcel 2)	31.4	18.1	-	-
Taman Pulau Perdana	20.7	-	-	-
Taman Desa PD 1	16.1	-	-	-
Taman Desa PD 2 (Phase 1)	-	27.4	50.0	35.9
Taman Seri Impian 3 (Impiana Garden 1 & 2)	-	32.1	21.7	-
Impiana Avenue	-	38.4	41.1	-
Taman Seri Impian 4 (Impiana Casa 1)	-	-	45.0	35.1
Impiana Villa 1	-	-	40.7	37.2
Taman Seri Intan	100.0	-	-	-
Taman Anggerik Tenggara 2	26.7	49.0	-	-
Nusari Bayu 1	19.3	29.9	-	-
Nusari Bayu 2A	-	28.4	-	-
Nusari Bayu 3 (Phase 1 & 2)	-	-	40.1	42.8
Atiya	-	47.9	-	-
Cosmoxia	-	-	49.9	-
Idaman Bayu	-	26.1	27.3	-
Nusari Aman 1A & 1B	-	-	40.8	39.4
Nusari Aman 2 & 2A	-	-	40.8	38.9
Sendayan Metro Park Shop 1A	-	-	41.7	36.7
Sendayan Metro Park	(43.5)	25.5	57.6	-
Sendayan Tech Valley 1 & 2	-	-	43.7	63.6
Sales of land	(1.3)	(0.4)	9.2	23.1
Overall GP Margin	22.7	29.0	23.8	42.3

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of GP and GP margin by activities**

The GP analysis by our property development products is as set out below:

	<----- Audited ----->							
	<----- FYE 31 December ----->							
	2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Residential	42,499	91.7	49,834	87.9	95,649	64.4	128,733	66.8
Commercial	3,879	8.3	6,883	12.1	13,795	9.3	5,545	2.9
Industrial	-	-	-	-	9,352	6.3	50,805	26.3
Sales of land	(5)	*-	(1)	*-	29,092	19.6	7,645	4.0
Others	(15)	*-	-	-	534	0.4	-	-
Total	46,358	100.0	56,716	100.0	148,422	100.0	192,728	100.0

Note:

* Negligible.

The GP margin analysis by our property development products is as set out below:

	<----- Audited ----->			
	<----- FYE 31 December ----->			
	2009	2010	2011	2012
	%	%	%	%
Residential	22.7	28.2	37.6	39.2
Commercial	23.9	37.0	43.6	36.6
Industrial	-	-	43.7	63.6
Sales of land	*-	*-	9.2	23.1
Others	*-	-	-	-
Overall GP margin	22.7	29.0	23.8	42.3

Note:

* Negligible.

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12. FINANCIAL INFORMATION (Cont'd)**12.4.5 Other operating income**

	<----- Audited ----->			
	<----- FYE 31 December ----->			
	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	119	128	64
Reserve on consolidation written off	-	-	6,163	-
Interest income	66	209	520	438
Rental income	23	23	59	51
Others	(34)	127	430	100
Total	55	478	7,300	653

12.4.6 Operating and administrative expenses

	<----- Audited ----->			
	<----- FYE 31 December ----->			
	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000
Directors remuneration	4,150	4,538	17,194	9,812
Staff costs	9,522	11,389	16,971	20,334
Upkeep of motor vehicles	805	1,058	1,226	1,577
Architectural fees	599	787	1,193	1,404
Engineering works	590	470	544	456
Donation	696	549	2,034	810
Sales gallery and promotion expenses	683	1,642	2,761	3,145
Company advertisement and awareness	-	-	-	2,529
Provision of project incentive	-	-	-	2,046
Landscaping expenses	-	301	319	159
Others	2,541	3,635	4,534	4,995
Total	19,586	24,369	46,776	47,267

12.4.7 Finance costs

	<----- Audited ----->			
	<----- FYE 31 December ----->			
	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000
Bank overdraft and term loans interest	460	871	412	882
Hire purchase interest	68	102	86	78
Other interest	11	87	70	52
Total	539	1,060	568	1,012

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12. FINANCIAL INFORMATION (Cont'd)**12.4.8 PBT and taxation**

	<----- Audited ----->			
	<----- FYE 31 December ----->			
	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000
PBT	24,398	29,961	106,337	142,764
Taxation	(5,266)	(7,946)	(26,401)	(39,279)
PAT	19,132	22,015	79,936	103,485

12.4.9 Commentary on historical financial performance**Revenue****FYE 31 December 2009**

Revenue for the FYE 31 December 2009 amounted to RM204.0 million, an increase of 16.8% as compared to the previous financial year. The increase was mainly due to the launch of new projects namely Nusari Bayu 1 by BSS Development and Taman Anggerik Tenggara 2 by Seventech where each of the projects contributed RM90.8 million and RM42.2 million of sales respectively to the Group. Nusari Bayu 1 has launched a total of 1,159 units of single-storey terrace houses worth approximately RM113.2 million, while Taman Anggerik Tenggara 2 launched 359 units of single-storey terrace houses and 63 units of single-storey shop offices worth a total of approximately RM42.5 million. The growth of revenue was partially offset by the contribution from Matrix as the revenue reduced from RM157.7 million to RM70.7 million during the current year under review, due to the completion of Taman Seri Intan project by Matrix's subsidiary namely 1 Sendayan Club (formerly known as Sepadu Intan Sdn Bhd).

FYE 31 December 2010

Revenue for the FYE 31 December 2010 amounted to RM195.6 million, a decline of 4.1% as compared to the previous financial year. The reduction was mainly due to the completion of project in Taman Anggerik Tenggara 2 by Seventech. In addition, the Group through its wholly owned subsidiary, Matrix continued to launch new projects such as in Port Dickson (Taman Desa PD 2) and Kluang (Impiana Garden and Impiana Avenue), which collectively contributed RM72.1 million of revenue for the current financial year. Taman Desa PD 2 had 483 units of single-storey terrace houses, Impiana Garden launched 597 units of single-storey terrace houses, while Impiana Avenue introduced 36 units of double-storey shop offices worth RM10.9 million. As a result of the new launches, our Group was able to only recognize a small portion of our revenue due to the early stage progress billings of our projects. However, with the good response for Nusari Bayu 1 in FYE 31 December 2009 which was completed in January 2010, BSS Development continued to launch Nusari Bayu 2A by introducing additional 359 units of single-storey terrace houses, which also received good response from the consumers. In addition, the properties launched as part of our Nusari Bayu 2A and Idaman Bayu developments experienced an appreciation in prices, which in turn, offset the said low revenue recognition.

12. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2011***

Revenue for the FYE 31 December 2011 increased significantly from RM195.6 million to RM624.3 million, an increase of more than 100% as compared to the previous financial year. The increase was mainly due to the sale of development land by BSS Development to 1MDB for RM294.0 million and sale of agricultural land by 1 Sendayan Education for RM22.5 million. By excluding the sales of these two properties, the Group still achieved a revenue growth of 57.3% over the preceding financial year. Over the years, the Group transformed itself from development of lower range properties such as single-storey terrace houses to middle and higher end properties such as double-storey houses, semi-detached houses and bungalow houses as well as shop offices and developed industrial land. During the year, the Group's sales in bungalow houses, semi-detached houses, and shop lots amounted to RM27.2 million, RM21.0 million and RM22.5 million respectively. With the launch of Sendayan Tech Valley, the sales of developed industrial land recorded RM21.4 million. Overall, the growth in revenue was the results from the development in Bandar Sri Sendayan, whereby the Group continued its launching of new projects with multiple variety of properties. Projects in Kluang also received continuous support from the customers that the Group launched new projects such as Impiana Casa and Impiana Villa for the sales of higher end properties. Impiana Villa in Kluang, Johor offered 161 units of bungalow houses in the single-storey and double-storey variants with a total development value of RM64.9 million. Nusari Aman 2A and Cosmoxia offered a total of 56 units of semi-detached houses in Bandar Sri Sendayan.

FYE 31 December 2012

Revenue for the FYE 31 December 2012 decreased from RM624.3 million to RM456.1 million, a decrease of approximately 27.0% as compared to the previous financial year. The decrease was mainly due to the substantially lower revenue contribution from the sales of land segment of RM33.0 million compared with the previous financial year of RM316.5 million which included sales of land to 1MDB of RM294.0 million. Sales of commercial development properties also decreased by 52.1% or RM16.5 million compared with the previous financial year mainly due to lower number of units available for sale as there were no new launches for commercial development properties during the financial year. Notwithstanding this, our Group's revenue from sales of residential development properties increased by 28.8% or RM73.3 million for the FYE 31 December 2012. The increase were mainly due to the completion of Nusari Bayu 3 (Phase 1 and 2) which contributed RM93.2 million to the total revenue as well as the higher revenue recognition for Nusari Aman 1B of RM98.2 million which is expected to be completed by the second quarter of 2013. Sales of industrial development properties also increased by 273.2% or RM58.4 million mainly due to the increase in selling prices of our Group's Sendayan Tech Valley industrial development properties in line with general increase in land/property prices.

Cost of sales***FYE 31 December 2009***

Cost of sales for the FYE 31 December 2009 amounted to RM157.7 million, an increase of 16.3% over the previous financial year. The increase was slightly lower than the increase in revenue, which resulted the GP margin to increase from 22.4% to 22.7%.

12. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2010***

In line with the decline in revenue, cost of sales reduced to RM138.97 million. The decline was much more than the decline in revenue as selling prices of properties in most places experienced appreciation. Cost of sales, on the other hand, reduced by 12%, which resulted in it to be lower than the previous year.

FYE 31 December 2011

As a result of the growth in revenue, cost of sales increased to RM475.8 million. The increase in cost of sales of 242.5% was much more than the increase in revenue of 219.1%. However, without the cost of sales for the sales of land as mentioned above which amounted to RM287.4 million. The net increase of the cost of sales is RM49.5 million or approximately 35.6%. The growth in cost of sales was lower than the growth in revenue.

FYE 31 December 2012

Cost of sales decreased by RM212.5 million or approximately 44.7%, which is higher than the decline in revenue. The decrease in the cost of sales was mainly attributable to the decrease in the cost of sales for the sales of land segment of RM262.1 million or approximately 91.2%.

GP and GP margin***FYE 31 December 2009***

GP of the Group increased to RM46.4 million, an increase of 18.3% over the previous financial year, mainly due to the launch of new projects namely Nusari Bayu 1 and Taman Anggerik Tenggara 2 during the financial year. The GP margin for the current financial year increased marginally from 22.4% in FYE 31 December 2008 to 22.7% for the current FYE 31 December 2009.

FYE 31 December 2010

GP of the Group increased to RM56.7 million, an increase of 22.3% over the previous financial year, mainly due to the launch of new projects as mentioned above, whereby the new projects, generally fetched higher selling prices as compared to the previous projects launched. Coupled with the on-going efforts in controlling costs with improved efficiency, the GP margin for the current financial year improved significantly to 29.0%. Our efforts to improve efficiency include undertaking land clearing works on the site of the development project as well as its surrounding area during the beginning of a development project as well as building the infrastructure, namely roads, reservoir and sewerage, amongst others, for the whole said project instead of by phases to reduce the overall costs of the project developments.

FYE 31 December 2011

GP of the Group increased to RM148.4 million, an increase of more than 100% over the previous financial year. However, GP margin declined from 29.0% to 23.8% for the current financial year. With the exclusion of the disposal of land, which contributed approximately RM29.1 million of gross profit, the GP margin of the group improved to 38.8%. The improvement in GP margin was largely due to the launch of new projects with higher selling prices as compared to the previous projects. The higher selling prices were made possible due to the launch of higher value properties such as double-storey houses, semi-detached houses, bungalow houses and shop offices.

12. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2012***

GP of the Group increased to RM192.7 million, an increase of 29.9% over the previous financial year mainly due to the increase in GP for the industrial development properties of more than 400% compared with the previous financial year. The Group's GP margin improved significantly to 42.3% in the FYE 31 December 2012 from 23.8% in the previous financial year. The improvement was mainly due to the higher GP margin of 63.6% for the industrial development properties as the average selling price for the Group's industrial development properties in Sendayan TechValley increased between 50% to 70% during the FYE 31 December 2012 compared with the previous financial year.

Other operating income***FYE 31 December 2009***

Other operating income for the financial year under review mainly represents interest income earned from fixed deposits and rental income collected by Pembinaan Juwasan for a double-storey shop office.

FYE 31 December 2010

Other operating income increased to RM478,000 mainly due to interest income of RM209,000 representing interest income earned from deposits held in the housing development account and late payment interest charged to customers and gain on disposal of property, plant and equipment of RM119,000.

FYE 31 December 2011

Other operating income increased to RM7.3 million mainly due to reserve on consolidation written off amounted to RM6.2 million resulting from the acquisition of the remaining 25% equity interests in BSS Development. After the acquisition, BSS Development became a wholly owned subsidiary of the Group.

FYE 31 December 2012

Other operating income decreased to RM0.6 million compared with RM7.3 million in the previous financial year mainly due to the reserve on consolidation written off which amounted to RM6.2 million during the FYE 31 December 2011.

Operating and administrative expenses***FYE 31 December 2009***

Operating and administrative expenses increased by RM2.2 million to RM19.6 million for the current financial year. The increase was mainly due to the increase in staff costs by RM1.9 million due to a deferment of incentive paid to staff.

12. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2010***

Operating and administrative expenses increased by RM4.8 million to RM24.4 million for the current financial year. The increase was mainly due to annual increments to existing staff and the increase in the head count of existing staff which caused staff costs to increase by RM1.9 million in view of the expected increase in volume of operation. In addition, we incurred an additional RM1.1 million in administrative expenses due to the increase of our promotional activities. We also incurred an additional RM0.5 million in other overhead costs.

FYE 31 December 2011

As a result of the significant growth in revenue, operating and administrative expenses increased by RM22.4 million to RM46.8 million for the current financial year. The increase was mainly due to the increase in staff costs by RM5.6 million and directors remuneration by RM12.6 million a result of the increase in volume of operation and an one-off employment service reward to employees and performance incentive to Directors. In addition, in order to promote the Group's projects, sales gallery and promotion expenses also increased by RM1.1 million. As part of corporate social responsibility, the Group continued to contribute to the society by giving donation amounting to RM2.0 million to several organisations during the financial year.

FYE 31 December 2012

Operating and administrative expenses increased by RM0.5 million from RM46.8 million in the previous financial year. The increase was mainly due to the increase in staff costs by RM2.7 million resulting from the increase in volume of operation as well as provision of project incentives for directors and employees of RM2.0 million. As part of the Group's promotional activities to create brand awareness on its projects, the Group incurred expenses of RM2.5 million for advertisement and brand awareness campaigns. Other expenses of RM5.9 million include professional fees incurred by the Group such as tax advisory fees and legal, valuation and processing fees for our additional loans, amongst others, and other administrative and operating expenses.

Finance costs***FYE 31 December 2009***

Interest expense during the FYE 31 December 2009 amounted to RM0.5 million which was lower than that of the previous financial year of RM0.8 million. The decline was due to the reduction in interest rates charged by bankers, where the base lending rate reduced from 6.75% to 5.55% per annum, and the under-utilisation of our overdraft facilities over the period which caused a decrease in interest payments for our term loans, bank overdrafts and hire purchase loans amounting to a total of RM0.3 million.

FYE 31 December 2010

Finance costs increased from RM539,000 to RM1.1 million was mainly due to the increase in borrowings drawn down by our Group in the undertaking of our new Nusari Bayu 2 and Idaman Bayu developments. The increase in finance costs was also attributed to the rise in base lending rates charged from 5.6% in the prior year to 6.3% per annum for the current year.

12. FINANCIAL INFORMATION (Cont'd)

FYE 31 December 2011

With the good results achieved during the year, the Group managed to repay certain bank borrowings. The amount of bank borrowings reduced from RM30.9 million to RM17.3 million. As a result, finance costs reduced from RM1.1 million to approximately RM0.6 million.

FYE 31 December 2012

Finance costs during the FYE 31 December 2012 increased to RM1.0 million as compared to RM0.6 million during the FYE 31 December 2011 mainly due to the RM11.0 million loan obtained from Amlslamic Bank Berhad and the partial drawdown of the RM30.0 million overdraft facility during the financial year.

PBT and PBT margin***FYE 31 December 2009***

As a result of the growth in revenue and the marginal growth in GP margin, the Group achieved a growth in PBT from RM23.0 million to RM24.4 million for the current financial year. However, the PBT margin declined marginally from 13.2% to 12.0% principally due to the drop in other income whereby there was gain on disposal of an agricultural land amounted to RM3.1 million in the previous financial year.

FYE 31 December 2010

As a result of the growth in GP and GP margin, PBT of the Group increased from RM24.4 million to RM30.0 million. PBT margin also increased accordingly from 12.0% to 15.3%.

FYE 31 December 2011

With the significant growth in revenue, PBT of the Group increased significantly from RM30.0 million to RM106.3 million. PBT margin also increased accordingly from 15.3% to 17.0%.

FYE 31 December 2012

In view of our Group's improved GP and GP margins, the Group managed to record an increase in PBT to RM142.8 million during the financial year as compared to RM106.3 million during the FYE 31 December 2011. This represents an increase of RM36.4 million or approximately 34.3%.

Taxation***FYE 31 December 2009***

Taxation for the current financial year reduced from RM5.6 million to RM5.3 million for the current financial year, even with the marginal growth in PBT, this was mainly due to the utilisation of brought forward tax losses and capital allowances in certain subsidiaries. As such, the effective tax rate declined slightly from 24.3% to 21.6% accordingly.

12. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2010***

Taxation for the current financial year increased to RM7.9 million mainly due to the increase in PBT. Effective tax rate also rose to 26.5% principally due to certain expenses which were disallowed for tax deduction.

FYE 31 December 2011

Taxation for the current financial year increased from RM7.9 million to RM26.4 million mainly due to the increase in PBT. Effective tax rate for the current financial year was 24.8% which is slightly lower than the statutory tax rate of 25% due to the utilisation of unabsorbed tax losses and capital allowances.

FYE 31 December 2012

In line with the increase in PBT, taxation for the FYE 31 December 2012 increased from RM26.4 million for the FYE 31 December 2011 to RM39.3 million. In addition, the effective tax rate increased to 27.5% for the current financial year as compared to 24.8% in the previous financial year, mainly due to certain expenses which were non-tax deductible.

12.4.10 Significant factors affecting our financial performance

Our Group's financial position and results of operations have been, and will continue to be affected by, amongst others, the main factors which may not be within our control, as set out below:

(i) Ability to execute our projects in a timely and cost effective manner

The timely completion of property development projects may be subject to external factors which may be beyond the control of our Group. Any delay in the completion of our property development projects may have an adverse effect on our Group. As at the LPD, our Group has not experienced any delays in the completion of our development projects. Going forward, we will continue to monitor the project schedules closely to minimise any delay in the completion of our projects. Further details are set out in Section 4.1.2 of this Prospectus.

(ii) Competition

Our Group is exposed to competition from other property development companies in Malaysia. The competition arises in respect of the availability of strategically located and reasonably priced land for development, the supply of labour and building materials and the selling prices of properties. Intense competition may result in highly competitive pricing which may consequently affect our Group's financial performance. Our Group constantly reviews our marketing strategies and monitor market conditions to remain competitive. Further details are set out in Section 4.1.6 of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)

(iii) Fluctuations in prices of building materials

As building materials are key inputs for construction of buildings, structures and infrastructures, fluctuations in its prices will affect our Group. Any increase in building materials costs may adversely affect our Group's profit margin where the selling prices of our properties are fixed. In a situation where we have already launched our project and the cost of raw materials increased more than what we had planned for, then it will result in a lower gross profit margin for us. This is because we are unable to change our selling prices once we have published them and taken sales bookings. However, it is projected that an increase in construction costs by 10% will cause our GP margins to decrease by approximately 5%. Further details are set out in Section 4.1.4 of this Prospectus.

(iv) Performance of the property market and general economic condition

As our Group's principal activity is focused on property development, our business prospects are also dependent on the general prospects and outlook of the Property Development Industry in Malaysia, which are subject to the Malaysian economy and the construction sector, sustainability of the property sector, Malaysian government's initiatives, policies for housing loans and synergistic growth led by surrounding developments. Further details are set out in Sections 4.1.1 and 6 of this Prospectus.

The factors affecting our financial position and operations as set out above are not exhaustive. Please refer to Section 4 of this Prospectus for further factors that may have an impact on our Group's financial position and results of operations.

12.4.11 Material changes in sales or revenue

A discussion on the reasons on material changes in our revenue and profits for the past 4 FYE 31 December 2009 to 2012 is set out in Section 12.4.9 of this Prospectus.

12.4.12 Impact of foreign exchange / interest rates / commodity prices on operating profits

Our business operations and customers are located in Malaysia. Therefore, our Group is not directly affected by fluctuations in foreign exchange rates.

As at the LPD, our Group's total short-term and long-term borrowings amounted to approximately RM22.7 million. All the bank borrowings of our Group are interest bearing. Given that the interest charged on bank borrowings is dependent on interest rates and the total outstanding loans, future fluctuation of interest rates could affect our Group's profitability.

Our Group's building materials mainly consists of steel bars, pre-mixed and ready mixed concrete, sand, cement, plywood, timber and building materials. Certain building materials used by our Group are commodities of which the prices fluctuate according to world prices. In some situations, increases in the price of building materials might not be immediately passed on the end-users. If costs of building materials escalate after the sale of the properties to the customers, we are unable to factor such increase in our selling prices. This may impact on the margins of our Group. However, in order to ensure constant supply of our building materials and to ensure our purchases are made at competitive rates, our Group endeavours to maintain long-term relationships with our suppliers.

There was no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the financial years under review.

12. FINANCIAL INFORMATION (Cont'd)

12.4.13 Impact of inflation

There was no material impact of inflation on our Group's financial performance for the past 4 FYE 31 December 2009 to 2012.

12.4.14 Government / economic / fiscal or monetary policies

Risks relating to the government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

Save for the risks above and as disclosed in Section 4 of this Prospectus, there was no government, economic, fiscal or monetary policies or factors that have had a material impact on our Group's financial performance for the past 4 FYE 31 December 2009 to 2012.

12.4.15 Exceptional and extraordinary items

There were no exceptional and extraordinary items during the past 4 FYE 31 December 2009 to 2012.

12.5 LIQUIDITY AND CAPITAL RESOURCES

12.5.1 Working capital

Our Group has been financing our growth through a combination of shareholders' equity, cash generated from our operations and external borrowings from financial institutions. Our principal utilisation of these funds are for working capital purposes such as purchase of land, purchase of building materials, payment to suppliers, repayment of bank borrowings and operating and administrative expenses.

As at 31 December 2012, our Group has cash and bank balances of RM25.6 million and total borrowings of RM22.3 million. Our Group's debt to equity ratio as at 31 December 2012 is 0.07 times and current ratio of 2.4 times.

Having made all reasonable enquiries, our Board is of the opinion that, after taking into consideration our cash flow position, banking facilities available and the net proceeds from the Public Issue, our Group will have sufficient working capital for a period of 12 months from the date of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)

12.5.2 Cash flow

The following table sets out the summary of our consolidated statement of cash flows for the FYE 31 December 2012 and should be read together with the Accountants' Report as set out in Section 13 of this Prospectus.

	FYE 31 December 2012 RM'000
Net cash generated from operating activities	34,615
Net cash used in investing activities	(2,784)
Net cash used in financing activities	(15,400)
Net increase in cash and cash equivalents	16,431
Cash and cash equivalent at the beginning of the financial year	13,963
Cash and cash equivalent at the end of the financial year	30,394

We have no legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet our cash obligations.

Net cash flow generated used in operating activities

During the FYE 31 December 2012, the Group achieved a PBT of RM142.8 million, which was higher than that of the preceding financial year of RM106.3 million. This represents an increase of 34.3%. The improved performance was largely due to the higher gross profit generated during the year which amounted to RM192.7 million as compared to RM148.4 million in the FYE 31 December 2011. However, the net cash flow generated from operating activities decreased from RM335.8 million in the FYE 31 December 2011 to RM34.6 million in the FYE 31 December 2012. This decrease was mainly attributable to the higher revenue generated in the FYE 31 December 2011 contributed by the sales of land to 1MDB of RM294 million.

Furthermore, for the FYE 31 December 2012, the Group's inventories increased by RM1.6 million. Both the trade receivables turnover period and trade payables turnover period increased during the FYE 31 December 2012 as compared to the FYE 31 December 2011. The trade receivables turnover period increased from 43.92 days in the FYE 31 December 2011 to 80.86 days in the FYE 31 December 2012 whilst the trade payables turnover period increased from 42.68 days for the FYE 31 December 2011 to 66.58 days for the FYE 31 December 2012. Accordingly, the cash generated from operating activities amounted to RM34.6 million.

Net cash flow generated used in investing activities

Net cash used in investing activities amounted to RM2.8 million during the year under review mainly due to the purchase of property, plant and equipment of RM2.8 million.

Net cash flow generated used in financing activities

Net cash used in financing activities amounted to RM15.4 million for the year under review. This was mainly due to the payment of dividend in the FYE 31 December 2012, which was declared on 31 October 2011 and the repayment of RM5.6 million on the term loan of RM20.1 million. The Group had also drawdown RM11.0 million from our new term loan facility.

12. FINANCIAL INFORMATION (Cont'd)**12.5.3 Borrowings**

As at 31 December 2012, our Group had total outstanding local borrowings amounting to approximately RM22.3 million comprising the following:

	As at 31 December 2012
Interest-bearing borrowings:	RM'000
Long-term borrowings	
Term loans	17,575
Hire purchase	288
Short-term borrowings	
Term loans	3,565
Bank overdraft	333
Hire purchase	582
Total	22,343
Gearing ratio	0.07
Gearing ratio after the IPO and utilisation of proceeds	0.02

We do not have any non-interest bearing borrowing or foreign currency borrowing.

We have not defaulted on any payment of interest and/or principal sums throughout the FYE 31 December 2012 and the subsequent financial period up to the LPD.

12.5.4 Breach of terms and conditions/ covenants associated with credit arrangement/ bank loans

As at the LPD, after making all reasonable enquiries and to the best of our Board's knowledge, we are not aware of any breach of terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial position and results or business operations, or the investments by holders of securities of our Company.

12.5.5 Type of financial instruments used

As at the LPD, save for the bank borrowings as disclosed in Section 12.5.3 of this Prospectus, we do not use any other financial instruments.

As at the LPD, our Group does not have any exposure or use any financial instruments for hedging purposes. Our management will continue to assess the need for the use of any hedging instruments, if necessary, in the future.

12.5.6 Treasury policies and objectives

We have been financing our operations through a combination of cash generated from our operations and external source of funds. Our external source of funds mainly consists of credit terms provided by our suppliers and sub-contractors as well as credit facilities from financial institutions. The normal credit terms granted by our trade suppliers is disclosed in Section 12.6 of this Prospectus.

We have short term and long term borrowings. Our short term borrowings comprise mainly overdrafts and term loans which are used for working capital purpose. Our long term borrowings comprise mainly of term loans which are used for property development and purchase of land. We also utilised hire purchase facilities for purchase of motor vehicles.

12. FINANCIAL INFORMATION (Cont'd)

The interest rates for our overdraft, term loan and hire purchase facilities are based on a combination of fixed rates and prevailing base lending rate plus a margin agreed upon with our bankers at the point when the facilities were granted.

Our business is mainly transacted in RM. Accordingly, we do not have any hedging policies or any forward contracts to hedge against any foreign exchange exposure. We maintain our cash and cash equivalents in RM.

12.5.7 Material commitments or contingent liability

Save as disclosed below, as at the LPD, our Directors, after having made all reasonable enquiries, are not aware of any material commitment or contingent liability incurred or to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial position.

Material Commitments	RM'000
(i) Riverine Projects had on 23 October 2002 entered into a joint venture agreement with MAINS to develop a piece of land measuring approximately 294.6 acres for a development project located in Kota Gadong Jaya, Seremban, Negeri Sembilan.	7,900
(ii) Riverine Projects had on 21 July 2011 entered into a coordinator agreement with Jamaludin Bin Ahmad and Dato' Jaafar Bin Sahadan (collectively, the "Coordinators") whereby the Coordinators endeavored to assist the Company in the successful development of two (2) parcels of land in the Mukim of Gadong Jaya and the Mukim of Labu as part of a joint-venture agreement entered into between Riverine Projects and MAINS.	1,800
(iii) Matrix had on 14 May 2005 entered into a joint-venture agreement with KKTNJB to develop a piece of land measuring 900 acres for a mixed development project being part of PT 10772 and PT 10773, HS(D) 4066 and HS(D) 4067, Mukim and District of Kluang, Johor.	26,000
(iv) Matrix had on 26 January 2011 entered into a joint venture agreement with Restu Pertiwi Sdn Bhd for the assignment of all Restu Pertiwi Sdn Bhd's rights title interest and liability arising from the joint venture agreement between MBI and Restu Pertiwi Sdn Bhd dated 26 January 2011, for the development of the land measuring approximately 42 acres in Pekan Paroi Jaya, District of Seremban, Negeri Sembilan.	9,500
(v) Matrix had on 20 February 2013 entered into a sale and purchase agreement with Resort & Leisure Homes Sdn Bhd for the purchase of one (1) freehold residential land held under GRN 18485, Lot 921, Mukim of Si Rusa, Port Dickson, Negeri Sembilan Darul Khusus measuring approximately 5.0 acres.	10,404

Please refer to Section 31 of the Accountants' Report in Section 13 of the Prospectus for further information in relation to our material commitments. The anticipated cost of funds for the material commitment will be from our Group's internally generated funds and bank borrowings.

12. FINANCIAL INFORMATION (Cont'd)**12.5.8 Material litigation**

As at the LPD, we are not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has or might have material effects on our business or financial position, and our Directors, after having made all reasonable enquiries, do not know of any proceeding pending and threatened, and of any fact likely to give rise to any proceeding which might materially and adversely affect our business or financial position.

12.6 KEY FINANCIAL RATIOS

We set out the key financial ratios based on our proforma consolidated financial statements for the FYE 31 December 2009 to 2011 in the table below:

	<----- Audited ----->			
	<----- FYE 31 December ----->			
	2009	2010	2011	2012
Trade receivables turnover period ⁽¹⁾ (days)	25.85	46.64	43.92	80.86
Trade payables turnover period ⁽²⁾ (days)	95.44	111.97	42.68	66.58
Inventory turnover period ⁽³⁾ (days)	2.13	2.00	0.57	3.33
Current ratio (times)	0.35	0.42	1.81	2.38
Gearing ratio (times)	1.82	1.61	0.07	0.07

Notes:

- (1) Calculated based on the consolidated trade receivables' balances as at their respective balance sheet date over total revenue.
- (2) Calculated based on the consolidated trade payables' balances as at their respective balance sheet date over total cost of sales.
- (3) Calculated based on the consolidated inventories' balances as at their respective balance sheet date over total cost of sales.

Trade receivables

The ageing analysis of our trade receivables as at 31 December 2012 is set out as follows:

	Within credit period ⁽¹⁾ days	<----- Exceeding credit period ----->				Total
		15 - 30 ⁽²⁾ days	31 - 60 days	61 - 90 days	> 90 days	
Trade receivables (RM'000)	63,344	-	20,118	11,389	6,189	101,040
% of total trade receivables	62.69	-	19.91	11.27	6.13	100.00

Notes:

- (1) For commercial and industrial units, the normal credit terms given to customers are 14 days. For residential units, the normal credit terms given to house buyers are 21 working days or approximately 30 days.
- (2) Refers to commercial and industrial units only.

The normal credit terms given to customers are 14 days for commercial and industrial units, while residential house buyers are given 21 working days credit term.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's trade receivables turnover period of between 44 to 81 days for the FYEs 31 December 2010 to 2012 is higher than our normal credit terms. Our credit terms of 14 days for commercial and industrial units are based on our Group's policies while the credit terms of 21 working days for residential house buyers is in line with the Housing Development (Control and Licensing) Act 1966 (Act 118) and Regulations 1989, as stated in the respective sale and purchase agreements. The trade receivables turnover periods of the Group over the years were higher than the credit terms given to the customers mainly due to the time taken by house buyers for loan application which could normally take up to 4 months for financial institutions or 2 months for government agencies to release the first drawdown of the loan. For customers of our industrial units, they may take an even longer period of up to 6 months to settle the amount mainly due to the longer legal documentation process including to obtain approval for transfer of title to the purchaser and to charge the title to the financial institution.

For the FYE 31 December 2011, with the exclusion of the sales of land to 1MDB which amounted to RM294.0 million, the adjusted turnover period of the Group was 83 days. The turnover period of the Group for the FYE 31 December 2012 is 81 days. The higher turnover period for the FYE 31 December 2011 and 2012 were mainly due to the change in house buyer profile where more house buyers obtained loan from financial institutions instead of government agencies. For the FYE 31 December 2009, the majority of the loans obtained by the house buyers are from government agencies whereas for the FYE 31 December 2010, 2011 and 2012, more loans were obtained from financial institutions. House buyers are also more discerning, taking a longer time to select the most attractive loan package. The turnaround time required by the financial institutions to approve the first drawdown of the loan is between 3 to 4 months compared with the turnaround time required by government agencies, i.e. for government loans where the time taken from the signing of the agreement to the first drawdown is approximately 2 months.

Furthermore, our Impiana Villa 1 development project in Taman Seri Impian was completed at the end of 2012 and the last progress billing amounting to RM6.4 million were issued in November 2012. The sales of our single-storey and double-storey terrace houses and double-storey shop offices for our Nusari Bayu 3 – Phase 2 development project in FYE 31 December 2012 contributed to the higher progress billings in December 2012 amounting to RM8.1 million whereby a significant portion of these amount are only due for payment in January 2013. For the FYE 31 December 2011, two of our projects namely, Nusari Aman 2A and Cosmoxia in Bandar Sri Sendayan were completed at the end of 2011 and the last progress billings amounting to approximately RM17.7 million were issued in December 2011. The sales of our single-storey and double-storey bungalows for the Impiana Villa development project in FYE 31 December 2011 also contributed to the higher progress billings in December 2011 amounting to RM9.8 million. A significant portion of these amount are only due for payment in January 2012.

The trade receivables turnover period in relation to our developed industrial properties i.e. Sendayan Tech Valley is approximately 3½ months for the FYE 31 December 2011 and 2012. This had also contributed to the increase in the overall trade receivables turnover period of our Group for the FYE 31 December 2011 and 2012.

There are amounts due from certain house buyers of approximately RM137,000 classified as exceeding credit period of more than 90 days, which represent differential amounts to be settled by the customers upon their collection of keys. Except for this amount which are long outstanding and may be disputed by the customers, all the other amounts due from customers are recoverable.

12. FINANCIAL INFORMATION (Cont'd)**Trade payables**

The ageing analysis of our trade payables as at 31 December 2012 is set out as follows:-

	<-----Within credit period----->			Exceeding credit period	Total
	0 - 30 days	30 - 60 days	60 - 90 days	> 90 Days	
Trade payables (RM'000)	33,446	10,299	4,085	208	48,038
% of total trade payables	69.63	21.44	8.50	0.43	100.00

The normal credit period given by our suppliers and sub-contractors ranges from 30 to 90 days.

During the FYE 31 December 2012, the Group's trade payables turnover period is within the credit period granted by the suppliers mainly due to our healthy cash position which enabled us to make payment to our suppliers before the end of the credit period given. This also allowed us to enjoy preferential pricing from our suppliers. During the FYE 31 December 2011, the Group's trade payables turnover period is lower than the credit period granted by the suppliers mainly due to the cost for the sales of land to 1MDB. By excluding this transaction, the adjusted trade payables turnover period is approximately 99 days. This is quite consistent with the previous financial years.

In addition, the trade payables account is inclusive of the retention sum of certain subsidiaries as well as invoices which were received from certain suppliers almost at the end of the credit period. Excluding the respective retention sums and the late invoices received, the trade payables turnover period then decreases to approximately 78 days for FYE 31 December 2009 which is within the credit period of the Group and 91 days for the FYE 31 December 2010 which is 1 day above the credit period of the Group. The increase of the Group's trade payables turnover period was due to the maximisation of the credit period extended to the Group.

As at the LPD, we do not have material long outstanding trade payables or default in payment. In view of the good relationships with our major suppliers, there were no significant matters in dispute in relation to the trade payables for the past four (4) FYE 31 December 2009 to 2012 and there was no legal action initiated by any of our suppliers to demand for payment.

Inventories

	<-----FYE 31 December----->			
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Inventories	921	760	762 ⁽¹⁾	2,401
Cost of sales	157,688	138,917	475,828	263,341
Inventories turnover period (days)	2.13	2.00	0.58	3.33

Note:

(1) Including incidental cost capitalised amounting to RM2,000.

Inventories held by the Group mainly comprise of completed development properties held for sale. As at the LPD, the developed properties held as inventory comprise of 13 units of double-storey low cost houses, 5 units of single-storey shop offices, 1 unit of single-storey stall, 1 unit of single-storey bungalow and 1 unit of double-storey bungalow.

12. FINANCIAL INFORMATION (Cont'd)

Save for the 13 units of double-storey low cost houses which have been reallocated for the resettlement of the Orang Asli in Kota Gadong Perdana, the 5 single-storey shop offices which has been reserved for block sales and the 1 unit single-storey stall and 2 bungalow units which are still being marketed, the Group's completed properties were mostly sold after its launch and during the construction stage of the development properties. Hence, the inventories turnover period are generally very low.

The inventories turnover period for the FYE 31 December 2012 increased as compared to the previous financial year due to the increase in our Group's development properties held as inventory, namely 1 unit of single-storey stall, 2 units of single-storey bungalows and 3 units of double-storey bungalows, upon the completion of our Group's development projects. As at LPD, we have sold 1 unit of the single-storey bungalow and 2 units of the double-storey bungalows. The inventories turnover period for the FYE 31 December 2011 was lower compared with the previous two financial years under review due to the higher cost of sales of RM485.9 million for the FYE 31 December 2011. The substantial growth in revenue for the FYE 31 December 2011 resulted in the corresponding increase in the cost of sales. The substantial increase in revenue for the FYE 31 December 2011 is mainly attributable to the sales of land to 1MDB. Excluding the sales of land to 1MDB, the inventories turnover period then increases to 1.33 days for FYE 31 December 2011 which is slightly lower than the inventories turnover period for the FYE 31 December 2009 and FYE 31 December 2010.

Current ratio

	-----FYE 31 December----->			
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Current assets	144,422	181,189	461,696	541,875
Current liabilities	414,663	434,293	255,710	227,327
Current ratio (times)	0.35	0.42	1.81	2.38

The increase in current ratio from 1.81 times as at FYE December 2011 to 2.38 times as at FYE 31 December 2012 was primarily due to the development properties in progress which increased from RM345.7 million in FYE 31 December 2011 to RM373.8 million in FYE 31 December 2012. Trade receivables for the FYE 31 December 2012 also increased to RM101.4 million from RM75.1 million in FYE 31 December 2011, while trade payables decrease from RM56.8 million to RM48.0 million for the FYE 31 December 2012.

Gearing

	-----FYE 31 December----->			
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
All borrowings	332,631	326,046	17,281	22,343
Shareholders' equity	182,498	203,010	237,629	341,933
Gearing ratio (times)	1.82	1.61	0.07	0.07

The gearing ratio of the Group has been declining from 1.82 times in 2009 to only 0.07 times in 2012. During the FYE 31 December 2010, there was no increase in the Group's borrowings and the Group had also made full settlement for a loan obtained to purchase a piece of land in Rembau, Negeri Sembilan amounting to RM4.6 million and normal instalment payments of RM2.0 million, which resulted in lower gearing levels.

12. FINANCIAL INFORMATION (Cont'd)

The gearing ratio was consistently at a very low level in 2011 and 2012 primarily due to the repayment of loan amounting to RM295.1 million to MBI in 2011. The loan was obtained for the purchase of the land pursuant to the Shareholders cum Joint Venture Agreement between MBI and Matrix Concepts dated 29 August 2005 and was repaid as the full and final settlement in FYE 31 December 2011. On another aspect, the improvement in gearing ratio is also due to the profits made over the years which have increased the level of shareholders equity.

12.7 TREND INFORMATION

As at the LPD, after making all reasonable enquiries and to the best of our Directors' knowledge and belief, our financial conditions and operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events, or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section, as well as Sections 4, 5 and 6 of this Prospectus;
- (ii) material commitment for capital expenditure, save as disclosed in Section 12.5.7 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations, save as disclosed in this section and in Section 4 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue and/or profits, save for those discussed in this section, as well as Sections 4, 5 and 6 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our Group's liquidity and capital resources, save for those discussed in this section, as well as Sections 4, 5 and 6 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus.

Information on our Group's business and financial prospects, significant trends in sales, costs and selling prices are set out in this section and Section 5 of this Prospectus. Discussion on the overview of the property development industry, its prospects and outlook are further elaborated in Section 6 of this Prospectus.

12.8 FUTURE PROSPECTS

Our Board is optimistic about our future prospects in view of our Group's competitive advantages and key strengths as set out in Section 5.2 of this Prospectus and our future plans as set out in Section 5.3 of this Prospectus, as well as the prospects of the property development industry as set out in the Independent Market Research Report enclosed in Section 6 of this Prospectus.

12. FINANCIAL INFORMATION *(Cont'd)*

12.9 ORDER BOOK

Due to the nature of our business as property developer, we do not maintain an order book as our Group's construction is outsourced and no external orders are taken by our project management subsidiaries. For further information on our on-going and future projects, kindly refer to Section 5.5.6, Section 5.7.1 and Section 5.7.2 of this Prospectus.

12.10 DIVIDEND POLICY

It is our Board's policy to recommend and distribute minimum dividends of 40% of our annual PAT attributable to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subject to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, amongst others, the following factors when recommending dividends:

- (i) the availability of adequate distributable reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) any material impact of tax laws and other regulatory requirements.

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13. ACCOUNTANTS' REPORT



WONG WENG FOO & CO. (AF: 0829)
Chartered Accountants

41, Damai Complex,
Jalan Dato Haji Eusoff,
50400 Kuala Lumpur.
Tel : 03-4042 4280
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Date: **22 APR 2013**

The Board of Directors
MATRIX CONCEPTS HOLDINGS BERHAD
Wisma Matrix, No. 57, Jalan Tun Dr. Ismail,
Seremban, 70200 Negeri Sembilan

Dear Sirs,

ACCOUNTANTS' REPORT
(Prepared for inclusion in this Prospectus)

1. INTRODUCTION

- 1.1 This report has been prepared by Wong Weng Foo & Co, an approved firm of company auditors, for inclusion in the Prospectus in connection with **MATRIX CONCEPTS HOLDINGS BERHAD** (hereinafter referred to as "Matrix Concepts" or "the Company") listing of and quotation for its entire issued and paid up share capital, comprising ordinary shares of RM1.00 each on the Main Market of Bursa Malaysia Securities Berhad (hereinafter referred to as "Bursa Securities")
- 1.2 The details of the listing scheme are disclosed in paragraph 2.2 of this report.

2. GENERAL INFORMATION

2.1 BACKGROUND

Matrix Concepts was incorporated in Malaysia on 24 December 1996 as a private limited company under the name of Brilliant Radical Sdn Bhd.

The name of the Company was subsequently changed to Matrix Concepts Holdings Sdn Bhd on 13 January, 2003. On 22 November 2004, the Company was converted into a public limited company and assumed the name, Matrix Concepts Holdings Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)**GENERAL INFORMATION (CONTINUED)****2.1.1 Share Capital**

The changes in the authorised and issued and paid up ordinary share capital of Matrix Concepts since its incorporation date are as follows:-

Date of increase	Number of ordinary shares of RM 1 each	Authorised share capital		Cumulative amount RM
		Cumulative number of shares	Amount	
24-12-1996	100,000	100,000	100,000	100,000
26-12-2002	4,900,000	5,000,000	4,900,000	5,000,000
25-8-2003	20,000,000	25,000,000	20,000,000	25,000,000
20-5-2004	25,000,000	50,000,000	25,000,000	50,000,000
15-12-2011	1,950,000,000	2,000,000,000	2,000,000,000	2,000,000,000

Date of allotment	Number of ordinary shares of RM 1 each	Issued and paid up share capital		Cumulative total RM
		Consideration		
24-12-1996	2	Cash (Subscribers' shares)		2
4-3-1997	99,998	Cash		100,000
26-12-2002	935,000	Shares issued as consideration for an acquisition of a subsidiary		1,035,000
25-8-2003	9,315,000	Bonus issue		10,350,000
15-9-2003	600,000	Cash		10,950,000
23-12-2003	10,950,000	Capitalisation of Investment Revaluation Reserve for bonus issue		21,900,000
18-6-2004	10,637,143	Capitalisation of Investment Revaluation Reserve for bonus issue		32,537,143
9-12-2008	8,134,286	Capitalisation of Retained Profits for bonus issue		40,671,429
4-11-2011	1	Cash		40,671,430
9-11-2011	3,985,800	Capitalisation of Retained Profits for bonus issue		44,657,230
20-12-2011	6,443,710	Shares issued as consideration for an acquisition of a subsidiary		51,100,940
18-3-2013	186,399,060	Capitalisation of Retained Profits for bonus issue		237,500,000

Upon completion of the Listing Scheme, the issued and paid up share capital of Matrix Concepts will be enlarged to RM300,000,000 comprising 300,000,000 ordinary shares of RM1.00 each.

13. ACCOUNTANTS' REPORT (Cont'd)**GENERAL INFORMATION (CONTINUED)****2.1.2 Principal Activities**

Since 1999, Matrix Concepts is principally involved in investment holdings.

Matrix Concepts's wholly-owned direct subsidiaries are as follows:

1. Superb Approach Sdn Bhd ("Superb Approach")
2. Pembinaan Juwasan Sdn Bhd ("Pembinaan Juwasan")
3. 1 Sendayan Education Sdn Bhd ("1 Sendayan Education")
4. Riverine Projects Sdn Bhd ("Riverine Projects")
5. Masuda Corporation Sdn Bhd ("Masuda Corporation")
6. Matrix Concepts Sdn Bhd ("Matrix")
7. Seventech Sdn Bhd ("Seventech")
8. Matrix Concepts Natro' Green Sdn Bhd ("MCHB Natro")
9. BSS Development Sdn Bhd ("BSS Development")
10. MCHB Properties Sdn Bhd ("MCHB Properties")

Matrix Concepts's wholly-owned indirect subsidiaries are as follows:

Wholly-owned subsidiaries of Pembinaan Juwasan:

1. Juwasan Maju Sdn Bhd ("Juwasan Maju")
2. Juwasan Trading Sdn Bhd ("Juwasan Trading")

Wholly-owned subsidiaries of Masuda Corporation:

1. MCHB Management Services Sdn Bhd ("MCHB Management")
2. Insani Utama Sdn Bhd ("Insani Utama")⁽¹⁾

Wholly-owned subsidiaries of Matrix:

1. 1 Sendayan Club Sdn Bhd ("1 Sendayan Club")
2. Kris Benua Sdn Bhd ("Kris Benua")

Note:

(1) *Insani Utama is a 70% owned subsidiary of Masuda Corporation. The remaining 30% interest is held by Matrix Concepts.*

The subsidiary companies are principally engaged in property development, sales of land, project management, procurement of building materials, and provision of management and administration services as described in Section 3.

13. ACCOUNTANTS' REPORT (Cont'd)**GENERAL INFORMATION (CONTINUED)****2.2 LISTING SCHEME**

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Matrix Concepts on the Main Market of Bursa Securities, Matrix Concepts will undertake a listing scheme which involves the following transactions:-

(i) Bonus issues

Bonus issue of 186,399,060 new ordinary shares of RM1.00 each in Matrix Concepts ("Shares") to the existing shareholders on the basis of 3.6477 new Shares for every 1 existing Share held in the Company through the capitalization of capital reserves and retained profits.

(ii) Initial Public Offering

Initial Public Offering ("IPO") of 100,000,000 ordinary shares of RM1.00 each in the Company ("IPO Shares") comprising 62,500,000 new Shares ("Public Issue") and 37,500,000 existing shares ("Offer for Sale") at an IPO Price of RM2.20 per Share, representing 33.33% of the enlarged issued and paid up capital of the Company and shall be allocated in the following manner:-

Public Issue**a) Malaysian Public via balloting**

10,000,000 IPO Shares, representing 3.33% of the enlarged issued and paid-up capital of the Company, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions by way of balloting.

b) Eligible Directors and Employees of Matrix Concepts and its subsidiaries ("Group") and persons who have contributed to the success of the Group.

8,808,000 IPO Shares, representing 2.94% of the enlarged issued and paid-up capital of the Company, will be made available for application by eligible directors and employees of the Group and persons who have contributed to the success of the Group.

c) Selected Investors by way of Private Placement

43,692,000 IPO Shares, representing 14.56% of the enlarged issued and paid-up capital of the Company will be made available for application by way of private placement to selected investors.

13. ACCOUNTANTS' REPORT (Cont'd)



GENERAL INFORMATION (CONTINUED)

Offer for Sale

a) Bumiputera investors by way of private placement

32,500,000 IPO Shares, representing approximately 10.83% of the enlarged issued and paid-up share capital, will be made available for application by way of private placement to eligible Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI").

b) Selected investors by way of private placement

5,000,000 IPO Shares, representing approximately 1.67% of the enlarged issued and paid-up share capital, will be made available for application by way of private placement to selected investors.

(iii) Employee Share Option Scheme ("ESOS")

In conjunction with the Listing, Matrix Concepts proposes to implement an ESOS which entails the issuance of up to ten percent (10%) of Matrix Concepts issued and paid-up share capital at any one time pursuant to the options to be granted under the ESOS, to eligible Directors and employees of the Group.

Thereafter, the entire enlarged issued and paid-up share capital of the Company comprising 300,000,000 Shares shall be listed on the Main Market of Bursa Securities.

13. ACCOUNTANTS' REPORT (Cont'd)**3. INFORMATION ON SUBSIDIARY COMPANIES**

3.1 Details of the subsidiary companies of Matrix Concepts, all of which are private limited liability companies, incorporated and domiciled in Malaysia, as at the date of this report are as follows:-

a) Direct subsidiary companies of Matrix Concepts

Name	Date of incorporation	Authorised share capital RM	Issued and fully paid up share capital RM	Effective equity interest %	Principal activities
Superb Approach	2.10.1996	500,000	250,000	100	Property development and investment holding
Pembinaan Juwasan	30.12.1996	500,000	300,000	100	Project management
1 Sendayan Education	21.6.1996	100,000	100,000	100	Intended principal activity is provision of education services
Riverine Projects	16.8.2002	100,000	2	100	Property development
Masuda Corporation	21.1.1997	500,000	300,000	100	Property development and investment holding
Matrix	15.4.1994	5,000,000	2,000,000	100	Property development and investment holding
Seventech	29.4.1994	500,000	250,000	100	Property development
MCHB Natro	19.12.1996	500,000	300,000	100	Landscape management
BSS Development	27.4.2005	*5,000,000	*2,500,001	100	Property development and sales of land
MCHB Properties	19.12.2011	100,000	2	100	Intended principal activity is property investment and rental of properties

13. ACCOUNTANTS' REPORT (Cont'd)**INFORMATION ON SUBSIDIARY COMPANIES (CONTINUED)**

* Including 1 unit redeemable preference share of RM1.00 which is held by a special shareholder, being a State Agency or any person appointed by and acting on behalf of the State Government of Negeri Sembilan Darul Khusus. Currently, the special shareholder is Menteri Besar Negeri Sembilan (Incorporation), a State Agency of Negeri Sembilan Darul Khusus.

b) Indirect subsidiary companies of Matrix Concepts**i) Subsidiary companies of Pembinaan Juwasan**

<u>Name</u>	<u>Date of incorporation</u>	Authorised share capital <u>RM</u>	Issued and fully paid up share capital <u>RM</u>	Effective equity interest <u>%</u>	<u>Principal Activities</u>
Juwasan Maju	28.6.1993	1,000,000	750,000	100	Project management and procurement of building materials
Juwasan Trading	27.3.2001	100,000	50,000	100	Procurement of building materials

ii) Subsidiary companies of Masuda Corporation

<u>Name</u>	<u>Date of incorporation</u>	Authorised share capital <u>RM</u>	Issued and fully paid up share capital <u>RM</u>	Effective equity interest <u>%</u>	<u>Principal Activities</u>
MCHB Management	26.9.1997	100,000	10,000	100	Provision of management and administration services
Insani Utama	21.9.1990	500,000	250,000	100	Property development

iii) Subsidiary companies of Matrix

<u>Name</u>	<u>Date of incorporation</u>	Authorised share capital <u>RM</u>	Issued and fully paid up share capital <u>RM</u>	Effective equity interest <u>%</u>	<u>Principal Activities</u>
1 Sendayan Club	20.11.1998	500,000	300,000	100	Intended principal activity is clubhouse operations
Kris Benua	19.9.1992	500,000	500,000	100	Project management

13. ACCOUNTANTS' REPORT (Cont'd)**INFORMATION ON SUBSIDIARY COMPANIES (CONTINUED)**

3.2 The information on the development projects undertaken by the respective subsidiary companies for the year ended 31 December 2009, 2010, 2011 and 2012 all of which are as follows:-

3.2.1 1 Sendayan Club

<u>No</u>	<u>Project</u>	<u>Acreage</u>	<u>Location</u>	<u>Number of units</u>	<u>Total GDV RM (million)</u>
1	Taman Sri Intan	63.8	Port Dickson	694	62.4

3.2.2 Seventech

<u>No</u>	<u>Project</u>	<u>Acreage</u>	<u>Location</u>	<u>Number of units</u>	<u>Total GDV RM (million)</u>
1	Taman Anggerik Tenggara 2	30.1	Kota Tinggi	422	42.5

3.2.3 Matrix

<u>No</u>	<u>Project</u>	<u>Acreage</u>	<u>Location</u>	<u>Number of units</u>	<u>Total GDV RM (million)</u>
1	Taman Pulai Perdana	22.5	Seremban	231	41.6
2	Taman Seri Impian I	51.1	Kluang	487	38.8
3	Taman Seri Impian 2 – Parcel 1	80.2	Kluang	907	91.2
4	Taman Seri Impian 2 – Parcel 2	38.4	Kluang	346	45.3
5	Taman Desa PD I	61.3	Port Dickson	740	53.8
6	Taman Desa PD II – Phase 1	41.7	Port Dickson	483	46.2
7	Taman Seri Impian 3 (Impiana Garden 1 and 2)	66.4	Kluang	597	81.7
8	Impiana Avenue 1 and 2	6.1	Kluang	69	18
9	Taman Seri Impian 4 (Impiana Casa 1)	42.3	Kluang	465	80.1
10	Impiana Villa 1	26.1	Kluang	161	65.7

13. ACCOUNTANTS' REPORT (Cont'd)**INFORMATION ON SUBSIDIARY COMPANIES (CONTINUED)**

3.2.4 BSS Development

<u>No</u>	<u>Project</u>	<u>Acreage</u>	<u>Location</u>	<u>Number of units</u>	<u>Total GDV RM (million)</u>
1	Nusari Bayu 1	105.4	Bandar Sri Sendayan	1,159	113.2
2	Nusari Bayu 2A	32.6	Bandar Sri Sendayan	359	42.4
3	Atiya	1.4	Bandar Sri Sendayan	18	5.2
4	Idaman Bayu	17.7	Bandar Sri Sendayan	178	39.6
5	Nusari Aman 1A	15.5	Bandar Sri Sendayan	236	34.2
6	Nusari Aman 2A	27.5	Bandar Sri Sendayan	308	67.4
7	Sendayan Techvalley 1 and 2	523.9	Bandar Sri Sendayan	93	488.9
8	Cosmoxia	2.7	Bandar Sri Sendayan	36	11.7
9	Sendayan MetroPark	35.4	Bandar Sri Sendayan	18	47.1
10	Nusari Aman 2	35.4	Bandar Sri Sendayan	472	127.2
11	Nusari Aman 1B	38.2	Bandar Sri Sendayan	515	103.1
12	Nusari Bayu 3 – Phase 1 and 2	43.3	Bandar Sri Sendayan	505	136.3

13. ACCOUNTANTS' REPORT (Cont'd)



4. FINANCIAL STATEMENTS AND AUDITORS

We were appointed the auditors of Matrix Concepts, Superb Approach and Pembinaan Juwasan since the financial years ended 31 December 1999.

We were appointed the auditors of 1 Sendayan Education, Juwasan Trading and Juwasan Maju since the financial year ended 31 December 2002.

We were appointed the auditors of Riverine Projects since the financial period ended 31 December 2002.

We were appointed the auditors of Seventech since the financial period ended 31 December 2003.

We were appointed the auditors of MCHB Management, MCHB Natro, Masuda Corporation, Matrix, 1 Sendayan Club, Insani Utama and Kris Benua since the financial period ended 30 June, 2004.

We were appointed the auditors of BSS Development, since financial period ended 31 December 2005.

We were appointed the auditors of MCHB Properties, since financial period ended 31 December 2012.

The auditors' reports of the Group were reported without any qualifications or modifications for the financial statements covered in this report. The auditors' reports of Matrix Concepts for the relevant financial years are attached in Appendix 1 to this report.

This report is prepared on a basis consistent with the accounting policies adopted by the Group as disclosed in Section 5 of this report and in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standard Board ("MASB").

13. ACCOUNTANTS' REPORT (Cont'd)**5. DIVIDENDS**

5.1 Details of dividend paid or declared by Matrix Concepts for the financial years ended 31 December 2009, 2010, 2011 and 2012 are as follows:

FYE	Type of dividend	Dividend rate %	Net Amount RM
31.12.2011	Interim, less 25% income tax	7	2,135,250
31.12.2011	Interim, less 25% income tax	33	10,066,179
31.12.2011	Interim, less 25% income tax	26.5	8,083,447
31.12.2011	Interim, less 25% income tax	66	20,951,385

5.2 Details of dividend paid or declared by the subsidiary companies of Matrix Concepts for the financial years ended 31 December, 1999, 2000, 2011 and 2012 are as follows:

Companies	FYE	Type of dividend	Dividend rate %	Net Amount RM
Superb Approach	31.12.2012	Interim, less 25% income tax	725	1,359,375
	31.12.2012	Interim, tax exempted	120	300,000
Pembinaan Juwasan	31.12.2012	Interim, less 25% income tax	2,082	4,684,500
	31.12.2012	Interim, tax exempted	12,939	38,817,000
1 Sendayan Education	31.12.2012	Interim, tax exempted	552	552,000
Masuda Corporation	31.12.2012	Interim, less 25% income tax	11,474	25,816,500
	31.12.2012	Interim, tax exempted	11,467	34,401,000
Matrix	31.12.2012	Interim, less 25% income tax	385	5,775,000
	31.12.2012	Interim, tax exempted	1,367	27,340,000
Seventech	31.12.2012	Interim, less 25% income tax	1,391	2,608,125
BSS Development	31.12.2012	Interim, less 25% income tax	308	5,775,000
	31.12.2012	Interim, tax exempted	1,745	43,625,000
Juwasan Maju	31.12.2012	Interim, less 25% income tax	1,005	5,653,125
	31.12.2012	Interim, tax exempted	2,787	20,902,500
Juwasan Trading	31.12.2012	Interim, less 25% income tax	6,687	2,507,625
	31.12.2012	Interim, tax exempted	9,985	4,992,500
MCHB Management	31.12.2012	Interim, less 25% income tax	258,314	19,373,550
	31.12.2012	Interim, tax exempted	265,815	26,581,500
1 Sendayan Club	31.12.2012	Interim, tax exempted	165	495,000
Kris Benua	31.12.2012	Interim, tax exempted	1,830	9,150,000

13. ACCOUNTANTS' REPORT (Cont'd)**6. SIGNIFICANT ACCOUNTING POLICIES**

Unless otherwise stated, the following significant accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

6.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies as modified by the revaluation of an investment in a subsidiary company.

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the Companies Act, 1965 in Malaysia. These are the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In the previous financial year, the financial statements of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. There are no financial impact on transition to MFRSs as disclosed in note 36 of the financial statements.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and Malaysian Financial Reporting Standards ("MFRS") in Malaysia requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results could differ from those estimates.

6.2 Basis of Consolidation

The subsidiary companies have been consolidated using the merger method of accounting and in respect of subsidiary companies that do not qualify for merger method of accounting are consolidated using the acquisition method of accounting.

Under the merger method of accounting, the differences between the purchase consideration and nominal value of the share capital of the subsidiary companies acquired are taken to reserve arising from merger or deficit arising from merger. The deficit, if any, are written off against balances of capital reserve, share premium and retained profits in the financial statements of the subsidiary companies acquired.

Under the acquisition method of accounting the excess of the purchase price over the fair value of the net assets of subsidiaries at the dates of acquisition represents goodwill arising from consolidation while the shortfall represents reserve on consolidation. Goodwill and reserve arising from consolidation was amortised over a period of 5 years prior to 1 January, 2011. Goodwill arising subsequent to 1 January 2011 will be tested for impairment annually whilst reserve on consolidation is taken immediately to statement of comprehensive income.

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leasehold land held by an indirect subsidiary company has been incorporated in the financial statements of the Group at a fair value representing the cost thereof to the Group. Related companies transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

6.3 Property, Plant & Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

No depreciation is provided on freehold lands and building-in-progress. Leasehold land of an indirect subsidiary company is amortised over its remaining lease.

Depreciation of other property, plant and equipment is calculated on a straight line method to write off the cost of the assets over their estimated useful lives at the following annual rates:-

Freehold buildings	2%
Leasehold buildings	2%
Office equipment, furniture & fittings	10% - 20%
Plant & machinery	10% - 12%
Motor vehicles	15%

Upon the disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

6.4 Impairment**(i) Impairment of Financial Assets**

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

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow. An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.5 Investment**

Investment in subsidiary companies, is stated at cost or at valuation. Where investment in subsidiary company is stated at valuation, the net increase in the aggregate amount arising from the revaluation is credited to capital reserve account as revaluation surplus. Allowance for impairment loss is made when, in the opinion of the directors, there is a permanent diminution in the value of the investment.

6.6 Investment Properties

Investment properties comprise houses and flats held for long term purposes and are valued at fair value. A gain or loss arising from a change in the fair value of investment properties is recognised in the income statement for the period in which it arises.

6.7 Associated Company

Associated company is defined as a company in which the Company has a long term equity interest of between 20% to 50% and is in a position to exercise significant influence over, and participate in, the financial and operating policy decisions of the associated company.

Investment in associated company is accounted for in the consolidated statement of comprehensive income by the equity method of accounting.

6.8 Development properties

Land and development expenditure consists of freehold lands and leasehold lands stated at cost and group cost and related development expenditure. Cost includes cost of land, all direct development properties cost and other related cost. Development properties expenditure of which significant work has been undertaken and are expected to be completed within the normal operating cycle of two to three years is classified as development properties in progress.

6.9 Inventories

Inventories of completed properties are valued at the lower of cost and net realisable value. Cost is determined on specific identification basis and includes construction costs and appropriate development overheads.

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.10 Amount Due from/to Customers for Construction Contracts**

Amount due from customers for construction contracts is net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Amount due to customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Cost includes direct materials, labour, sub-contract sum and attributable overheads paid or payable to date.

6.11 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified and specific allowance is made for debts considered to be doubtful of collection. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

6.12 Payables

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

6.13 Share Capital

Ordinary shares are recorded at their nominal value and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared or approved by shareholders at general meeting.

6.14 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances and fixed deposits, net of outstanding bank overdrafts which have an insignificant risk of changes in value.

6.15 Hire-purchase

Property, plant and equipment acquired under hire-purchase agreements are capitalised in the financial statements and are depreciated in accordance with the policy set out in note 5.3 above. The corresponding outstanding obligations due under the hire-purchase after deducting finance charges are included as liabilities in the financial statements. Finance charges are charged to the statement of comprehensive income over the period of the plan so as to produce a constant periodical rate of charge on the remaining balance of the obligations for each accounting period.

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.16 Interest-Bearing Borrowings**

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of property, plant and equipment and construction of development properties are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the statement of comprehensive income as an expense in the period in which they are incurred.

6.17 Income Tax

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

Deferred income tax liabilities is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

A deferred income tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred income tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilised, the carrying amount of the deferred income tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

6.18 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

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

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

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

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

• *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

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

• *Loans and Receivables Financial Assets*

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

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(ii) Financial Liabilities**

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

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

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation

6.19 Employee Benefits**(i) Short term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Post – employee benefits**Defined contribution plan**

The Group's and the Company's contributions to the defined contribution plan ('Employee Provident Fund') are charged to the income statements in the period in which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

6.20 Provisions

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.

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.21 Income Recognition**

- i) Dividend income is recognised when the shareholders' rights to receive payment is established.
- ii) Income from development properties is recognised based on percentage of completion method on the net sale proceeds after discount extended, where the outcome of the development can be reliably estimated.
- iii) Income from contract revenue is recognised using the percentage of completion method. Income is apportioned using the ratio of actual costs incurred to the estimated total costs of the respective contracts in progress less any provision for foreseeable losses.
- iv) Income from sales of logs and palm oil are recognised when transfer of risk and rewards have been completed.
- v) Income from rental and administration fees are recognised on an accrual basis.

6.22 Revenue

Revenue of the Group represents sale of development properties, contract income, rental and administration fees.

Revenue of the Company represents dividend income.

6.23 Significant Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(ii) Income Taxes**

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

(iii) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

6.24 Standards Issued But Not Yet Effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101	<i>Presentation of Items of Other Comprehensive Income</i>
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Effective for financial periods beginning on or after 1 January 2013

MFRS 3	<i>Business Combinations</i>
MFRS 10	<i>Consolidated Financial Statements</i>
MFRS 11	<i>Joint Arrangements</i>
MFRS 12	<i>Disclosure of Interests in Other Entities</i>
MFRS 13	<i>Fair Value Measurement</i>
MFRS 119	<i>Employee Benefits (revised)</i>
MFRS 127	<i>Consolidated and Separate Financial Statements (revised)</i>
MFRS 128	<i>Investments in Associates and Joint Ventures (revised)</i>
Amendments to MFRS 1	<i>First-time Adoption of MFRS - Government Loans</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>

13. ACCOUNTANTS' REPORT (Cont'd)**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amendments to MFRS 10	<i>Consolidated Financial Statements: Transition Guidance</i>
Amendments to MFRS 11	<i>Joint Arrangements: Transition Guidance</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Transition Guidance</i>
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132	<i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>
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Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9	<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>
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The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

13. ACCOUNTANTS' REPORT (Cont'd)



7. SUMMARISED FINANCIAL STATEMENTS

7.1 Matrix Concepts Group

- (a) The summarised audited statement of comprehensive income of the Matrix Concepts Group for the financial years ended 31 December 2009, 2010, 2011 and 2012 as set out below:-

		Matrix Concepts Group			
		Consolidated Statement of Comprehensive			
		Income			
		Financial Year Ended 31 December			
		2009	2010	2011	2012
		RM'000	RM'000	RM'000	RM'000
	Note				
Revenue	1	204,046	195,633	624,250	456,069
Contract expenditure		(157,688)	(138,917)	(475,828)	(263,341)
Gross profit		46,358	56,716	148,422	192,728
Operating and administrative expense		(19,586)	(24,369)	(46,776)	(47,267)
Other operating income		55	478	7,300	653
Profit before interest, depreciation and amortisation ("EBITDA")		26,827	32,825	108,946	146,114
Interest		(539)	(1,060)	(568)	(1,012)
Depreciation		(1,891)	(1,804)	(2,040)	(2,338)
		24,397	29,961	106,338	142,764
Share of profit/ (loss) of an associate		1	-	(1)	-
Profit before taxation ("PBT")	2	24,398	29,961	106,337	142,764
Taxation	3	(5,266)	(7,946)	(26,401)	(39,279)
Profit after taxation ("PAT")		19,132	22,015	79,936	103,485
Other comprehensive income for the financial year		-	-	-	-
Total comprehensive income for the financial year		19,132	22,015	79,936	103,485
Attributable to:					
Owners of the Company		18,553	20,512	69,411	103,485
Non-controlling interest		579	1,503	10,525	-
		19,132	22,015	79,936	103,485
Earnings per share attributable to owners of the Company:					
- Basic (RM)		0.46	0.50	1.55	2.02
- Fully diluted (RM)		0.46	0.50	1.55	2.02
Gross profit margin (%)		23	29	24	42
PBT margin (%)		12	15	17	31
PAT margin (%)		9	11	13	23
Effective tax rate (%)		22	27	25	28
Number of ordinary shares issued		40,671	40,671	51,101	51,101
Gross earnings per share (RM)		0.60	0.74	2.37	2.79

13. ACCOUNTANTS' REPORT (Cont'd)



SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

- (b) The summarised audited and proforma statement of financial position of the Matrix Concepts Group for the financial years ended 31 December 2009, 2010, 2011 and 2012 as set out below:-

Matrix Concepts Group
Consolidated Statement of Financial Position
At 31 December

		2009	2010	2011	2012
		RM'000	RM'000	RM'000	RM'000
	Note	← Audited →			
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	10,028	9,864	11,007	11,517
Investment in associated company	5	17	16	-	-
Investments properties	6	1,400	1,400	1,400	1,400
Development properties	7	462,944	461,676	30,244	30,314
Deferred tax assets	8	1,853	2,020	2,014	2,017
Goodwill arising on consolidation	9	*	*	*	*
		476,242	474,976	44,665	45,248
Current Assets					
Development properties in progress	10	102,293	119,968	345,734	373,764
Inventories	11	921	760	762	2,401
Trade receivables	12	14,451	24,998	75,114	101,040
Amount due from contract customers	13	2,565	4,024	8,288	18,818
Other receivables, deposits and prepayments	14	14,861	21,200	17,831	15,125
Amount due from a subsidiary	15	1,495	-	-	-
Deposits, cash and bank balances	16	7,836	10,239	13,967	30,727
		144,422	181,189	461,696	541,875
Total Assets		620,664	656,165	506,361	587,123

* Represents RM1

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

Matrix Concepts Group
Consolidated Statement of Financial Position
At 31 December (Continued)

		2009	2010	2011	2012
		RM'000	RM'000	RM'000	RM'000
	Note	← Audited →			
EQUITY					
Share capital	17	40,671	40,671	51,101	51,101
Reserves	18	141,827	162,339	186,528	290,832
Shareholders' equity		182,498	203,010	237,629	341,933
Non-controlling interest	19	579	2,082	*	*
Total Equity		183,077	205,092	237,629	341,933
LIABILITIES					
Non-Current Liabilities					
Hire-purchase payables	20	1,360	960	870	288
Term loans	21	21,564	15,820	12,152	17,575
Other loans	22	-	-	-	-
		22,924	16,780	13,022	17,863
Current Liabilities					
Trade payables	23	41,232	42,616	56,818	48,038
Progress billings	24	2,111	18,531	38,269	14,005
Retention sums	25	603	831	662	486
Other payables, deposits and accruals	26	41,158	37,583	114,835	127,634
Amount due to directors	27	8,011	10,511	7,975	8,000
Amount due to customers for construction contracts	13	8,212	9,762	-	12,611
Hire-purchase payables	20	690	618	665	582
Dividend payable		-	-	20,951	-
Term loans	21	4,660	3,425	3,590	3,565
Bank overdrafts	21	9,217	10,083	4	333
Other loan	22	295,140	295,140	-	-
Current income tax liabilities	28	3,629	5,193	11,941	12,073
		414,663	434,293	255,710	227,327
Total Liabilities		437,587	451,073	268,732	245,190
Total Equity and Liabilities		620,664	656,165	506,361	587,123

* Represents RM1

13. ACCOUNTANTS' REPORT (Cont'd)



SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

- (c) The summarised audited statement of changes in equity of the Matrix Concepts Group for the financial years ended 31 December 2009, 2010, 2011 and 2012 as set out below:-

	Matrix Concepts Group				Total RM'000
	Consolidated Statement of Changes in Equity			Distributable Retained Profits RM'000	
	Non-Distributable		Non- controlling Interest RM'000		
	Share Capital RM'000	Capital Reserve RM'000			
At 1 January 2009	40,671	303	-	122,971	163,945
Total comprehensive Income	-	-	579	18,553	19,132
At 31 December 2009/ 1 January 2010	40,671	303	579	141,524	183,077
Total comprehensive Income	-	-	1,503	20,512	22,015
At 31 December 2010/ 1 January 2011	40,671	303	2,082	162,036	205,092
Allotted during the year	6,444	-	-	-	6,444
Bonus issue	3,986	-	-	(3,986)	-
Interim dividend of 7% less 25% income tax paid on 17 January 2011	-	-	-	(2,135)	(2,135)
Interim dividend of 33% less 25% income tax paid on 23 June 2011	-	-	-	(10,066)	(10,066)
Interim dividend of 6.5% less 25% income tax paid on 20 July 2011	-	-	-	(8,084)	(8,084)
Interim dividend of 66% less 25% income tax declared on 31 October 2011 and payable on 29 March 2012	-	-	-	(20,951)	(20,951)
Total comprehensive Income	-	-	10,525	69,411	79,936
Non-controlling interest share of net assets released on additional investment in equity stake of the subsidiary company	-	-	(12,607)	-	(12,607)
At 31 December 2011/ 1 January 2012 c/f	51,101	303	*	186,225	237,629

* Represents RM1

13. ACCOUNTANTS' REPORT (Cont'd)



SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

	Matrix Concepts Group				Total
	Consolidated Statement of Changes in Equity (Continued)				
	← Non-Distributable →		Distributable		
	Share Capital RM'000	Capital Reserve RM'000	Non- controlling Interest RM'000	Retained Profits RM'000	RM'000
At 31 December 2011/ 1 January 2012 b/f	51,101	303	*	186,225	237,629
Adjustment on proposed dividend	-	-	-	819	819
Total comprehensive Income	-	-	-	103,485	103,485
At 31 December 2012	51,101	303	*	290,529	341,933

* Represents RM1

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

- (d) The summarised audited statement of cash flows of the Matrix Concepts Group for the financial years ended 31 December 2009, 2010, 2011 and 2012 as set out below:-

Matrix Concepts Group				
Consolidated Statements of Cash Flows				
Financial Years Ended				
	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000
Cash flows From Operating Activities				
Profit before taxation	24,398	29,961	106,337	142,764
Adjustments for:-				
Share of (profit)/loss of an associated company	(1)	-	1	-
Reserve on consolidation recognised	-	-	(6,163)	-
Depreciation	1,891	1,804	2,040	2,338
Interest income	(66)	(209)	(520)	(438)
Interest expense	659	1,643	1,208	1,545
Loss/(Gain) on disposal of property, plant and equipment	14	(119)	(128)	(64)
Loss of property, plant and equipment	-	63	-	-
Other receivables written off	-	79	100	-
Operating profit before working capital changes	26,895	33,222	102,875	146,145
(Increase)/Decrease in inventories	97	161	(2)	(1,639)
(Increase)/Decrease in development properties	1,726	3,449	441,239	(70)
Increase in development properties in progress	(40,499)	(19,856)	(235,572)	(28,031)
Increase in receivables	(54,252)	(30,036)	(51,081)	(33,755)
Increase/(Decrease) in payables	58,426	18,508	98,724	(7,785)
Cash generated (absorbed by)/from operations	(7,607)	5,448	356,183	74,865
Interest received	66	209	519	438
Interest paid	(659)	(1,643)	(1,208)	(1,545)
Tax paid	(4,097)	6,558	(19,676)	(39,163)
Tax refunded	-	-	-	20
<i>Net cash (used in)/provided by operating activities</i>	(12,297)	10,572	335,818	34,615
Cash Flows From Investing Activities				
Investment in an associated company	(15)	-	-	-
Purchase of property, plant and equipment	(1,708)	(2,177)	(3,529)	(2,848)
Proceeds from disposal of property, plant and equipment	11	594	474	64
Proceeds from disposal of associated company	-	-	15	-
<i>Net cash used in investing activities</i>	(1,712)	(1,583)	(3,040)	(2,784)

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

Matrix Concepts group
Consolidated Statements of Cash Flows
(Continued)

Financial Years Ended

Note	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
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Cash Flows From Financing Activities

Proceeds from term loans	14,300	1,000	-	11,000
Dividend paid	-	-	(20,285)	(20,132)
Proceeds from issuance of shares	-	-	*	-
Repayment of term loan	(3,640)	(7,980)	(3,503)	(5,603)
Proceeds from hire purchase payables	-	500	865	-
Repayment of other loan	-	-	(295,140)	-
Hire purchase installments paid	(915)	(972)	(908)	(665)
<i>Net cash provided by/(used in) financing activities</i>	9,745	(7,452)	(318,971)	(15,400)
Net changes in cash & cash equivalents	(4,264)	1,537	13,807	16,431
Cash & cash equivalents brought forward	2,883	(1,381)	156	13,963
Cash & cash equivalents carried forward	29 (1,381)	156	13,963	30,394

* Represents RM1

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****(e) Notes to financial statements****1. Revenue**

The summarised Matrix Concepts Group income statements for the financial years ended 31 December 2009, 2010, 2011 and 2012 as set out above have been prepared on actual basis.

Analysis of Group revenue by subsidiary companies is set out below:

	Financial Year Ended 31 December			
	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000
Matrix Concepts	-	-	-	206,393
Superb Approach	(20)	-	-	-
Juwasan Maju	177,371	124,929	184,337	214,174
Masuda Corporation	-	-	-	52,413
Matrix	69,969	93,733	101,643	92,939
Seventech	42,190	339	-	-
MCHB Natro	463	863	855	380
BSS Development	91,490	101,797	500,064	372,654
MCHB Management	20,132	21,434	46,432	40,833
Pembinaan Juwasan	3,248	2,853	3,986	41,079
Juwasan Trading	18,133	14,388	19,908	60,322
1 Sendayan Club	44	-	-	-
Kris Benua	2,703	3,917	7,613	16,596
1 Sendayan Education	-	-	22,500	-
	<u>425,723</u>	<u>364,253</u>	<u>887,338</u>	<u>1,097,783</u>
Less: Consolidation adjustments	(221,677)	(168,620)	(263,088)	(641,714)
Total external revenue	<u>204,046</u>	<u>195,633</u>	<u>624,250</u>	<u>456,069</u>

13. ACCOUNTANTS' REPORT (Cont'd)



SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

2. Profit Before Taxation ("PBT")

Profit before income tax is arrived at after charging/ (crediting):-	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Audit fees	286	464	452	441
Depreciation	1,891	1,804	2,040	2,338
Hiring charges	133	129	7	-
Rental of premises	15	28	69	29
Rental of site office & lorry	12	11	119	25
Other receivable written off	-	79	100	-
Sales gallery rental	-	45	60	60
Realised loss on foreign exchange	-	31	-	-
Rental of land	-	1	6	4
(Gain)/Loss of property, plant and equipment	-	63	-	-
Staff costs				
Directors' remuneration and other emoluments				
- current directors	3,021	3,495	15,916	8,749
- past director	-	-	220	-
Directors' fees				
- current directors	1,127	1,043	1,058	1,063
- past director	2	-	-	-
Salaries, bonus & allowances	8,284	9,586	13,901	16,900
EPF & SOCSO	1,084	1,347	1,680	2,627
Staff messing, medical fees and other benefits	154	456	1,390	807
	13,672	15,927	34,165	30,146
Rental income	(23)	(23)	(59)	(51)
Rental of motor vehicle	9	4	20	-
Reserve on consolidation recognised	-	-	(6,163)	-
Loss/(Gain) on disposal of property, plant & equipment				
- current year	14	(119)	(128)	(64)
- overprovision in prior years	397	-	-	-
Interest income				
- fixed deposits	(66)	(51)	(89)	(88)
- Bank interest received	-	(20)	(76)	(129)
- overdue interest received	-	(49)	(94)	(72)
- others	-	(89)	(261)	(149)
	(66)	(209)	(520)	(438)
Interest expenses – included in cost of sales				
- term loans	120	583	640	533

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

Profit before income tax
is arrived at after charging/
(crediting):-

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Finance cost				
- bank overdrafts & term loans	460	871	412	882
- hire-purchase	68	102	86	78
- others	11	87	70	52
	539	1,060	568	1,012

Directors of the Company

- fees	-	-	-	388
- salaries and other emoluments	1,537	1,830	12,004	6,466

Other directors (on board of subsidiary companies)

- fees	1,129	1,043	1,058	675
- salaries and other emoluments	1,484	1,665	4,132	2,282

Staff cost includes the following remunerations paid to the key management personnel of the Group as follows:

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Salaries, bonus & allowances	329	351	460	637
EPF & SOCSO	32	35	47	76
Staff messing, medical fees and other benefits	68	44	202	82
	429	430	709	795

13. ACCOUNTANTS' REPORT (Cont'd)



SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

3. Taxation

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Current income tax:				
Estimate for the year	6,645	8,095	26,207	39,281
(Over) /Under provision in prior years	(59)	18	188	1
	6,586	8,113	26,395	39,282
Deferred income tax:				
Transferred (to)/ from deferred income tax assets	(1,320)	(167)	6	(3)
	5,266	7,946	26,401	39,279

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

Profit before taxation	24,398	29,961	106,337	142,764
Income tax using Malaysian tax rate of 25%	6,099	7,490	26,584	35,691
Non-deductible expenses for tax purposes	795	700	231	4,083
Current year tax losses unutilised	62	44	12	79
Capital allowances utilised	(299)	(443)	-	-
Balancing (allowance)/ charges	(1)	24	26	6
Deferred tax assets not recognised	(56)	(45)	(13)	(73)
Unabsorbed tax losses and capital allowances utilised	(273)	(12)	(646)	(654)
Increase in unabsorbed tax losses	49	44	12	73
Other items	269	293	2	76
Transferred (to)/ from deferred income tax assets	(1,320)	(167)	6	(3)
	5,325	7,928	26,214	39,278
(Over) /Under provision in prior years	(59)	18	187	1
Total tax expense	5,266	7,946	26,401	39,279

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****4. Property, Plant & Equipment**

	Freehold land and building	Leasehold land and building	Office equipment, furniture and fittings	Plant and machinery	Motor vehicles	Building in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
Balance at 1.1.2009	3,800	173	1,622	351	12,004	-	17,950
Additions	406	-	318	5	979	-	1,708
Disposals	-	-	-	-	(34)	-	(34)
Balance at 31.12.2009/1.1.2010	4,206	173	1,940	356	12,949	-	19,624
Additions	-	-	65	-	2,112	-	2,177
Disposals	-	-	-	-	(1,134)	-	(1,134)
Balance at 31.12.2010/1.1.2011	4,206	173	2,005	356	13,927	-	20,667
Additions	-	-	159	19	3,351	-	3,529
Disposals	-	-	-	-	(1,630)	-	(1,630)
Balance at 31.12.2011/1.1.2012	4,206	173	2,164	375	15,648	-	22,566
Additions	-	-	13	761	2,074	-	2,848
Disposals	-	-	-	-	(384)	-	(384)
Balance at 31.12.2012	4,206	173	2,177	1,136	17,338	-	25,030
Accumulated depreciation							
Balance at 1.1.2009	228	18	878	185	6,406	-	7,715
Additions	58	2	174	38	1,619	-	1,891
Disposals	-	-	-	-	(10)	-	(10)
Balance at 31.12.2009/1.1.2010	286	20	1,052	223	8,015	-	9,596
Additions	58	1	163	33	1,549	-	1,804
Disposals	-	-	-	-	(597)	-	(597)
Balance at 31.12.2010/1.1.2011	344	21	1,215	256	8,967	-	10,803
Additions	58	2	186	34	1,760	-	2,040
Disposals	-	-	-	-	(1,284)	-	(1,284)
Balance at 31.12.2011/1.1.2012	402	23	1,401	290	9,443	-	11,559
Additions	58	2	180	104	1,994	-	2,338
Disposals	-	-	-	-	(384)	-	(384)
Balance at 31.12.2012	460	25	1,581	394	11,053	-	13,513
Net Book Value							
At 31.12.2009	3,920	153	888	133	4,934	-	10,028
At 31.12.2010	3,862	152	790	100	4,960	-	9,864
At 31.12.2011	3,804	150	763	85	6,205	-	11,007
At 31.12.2012	3,746	148	596	742	6,285	-	11,517

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

- i) Included herein are motor vehicles of the Group at cost of RM3,887,874 (2011 - RM3,887,874, 2010 - RM6,543,146, 2009 - RM6,170,268) acquired under hire-purchase installment plans.
- ii) Motor vehicles of the Group at cost of RM5,944,962 were registered in the names of third parties and certain directors who hold the vehicles in trust on behalf of certain subsidiary companies in the previous financial years ended 31 December 2009 and 2010. During the financial year ended 31 December 2011, the registration of these motor vehicles were transferred to the respective subsidiary companies.

5. Investment in Associated Company

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Unquoted shares at cost	15	15	-	-
Share of profit in associated companies	2	1	-	-
	17	16	-	-

The associated company, incorporated in Malaysia is as follows:-

Name of Company	Effective Interest				Principal Activities
	2009 %	2010 %	2011 %	2012 %	
Matrix Hiasan Sdn. Bhd.	30	30	-	-	Building interior design, renovation works and constructions.

6. Investment in Properties

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Houses	1,400	1,400	1,400	1,400

The directors are of the opinion that the value of the above properties approximate to their fair values.

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****7. Development Properties**

	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000
Land at cost	404,833	404,833	396,694	1,398
Land at group cost	21,890	21,890	21,890	21,890
Development cost	37,947	36,221	43,092	6,956
	<u>464,670</u>	<u>462,944</u>	<u>461,676</u>	<u>30,244</u>
Add: Cost incurred during the year				
Development cost	2,153	83,202	284	70
Less: Cost transferred to current development	(3,879)	(84,470)	(431,716)	-
	<u>462,944</u>	<u>461,676</u>	<u>30,244</u>	<u>30,314</u>

The Company had entered into a shareholders cum joint venture agreement and supplemental agreements with the State Agency, Menteri Besar, Negeri Sembilan which is also the special shareholders of a subsidiary Company on 29 August, 2005, 15 February 2009 and 30 October, 2009, respectively, to develop a piece of land for housing and mixed development project ("the Development Land") of the subsidiary company.

Land cost incurred for the year ended 31 December 2007, consist of a principal sum of RM250 million and interests thereon payable as agreed as set out in Note 22 in respect of the abovementioned agreements plus provision of estimated incidental further cost necessarily to be incurred of approximately RM113,600,000 in respect of the abovementioned development project.

The Development Land shall remain vested and/ or registered under the name of the State Agency. The State Agency shall transfer or caused to be transferred the Development Land or any part or parts thereof to the subsidiary company or to the end purchaser(s) so nominated by the subsidiary company upon the full and final settlement of the Payment Sum together with all interest charge and other costs as set out in the Agreements save for such area of Development Land equating to 100 acres which shall be retained by the State Agency.

The Development Land had been reclassified to development-in-progress.

The development properties of RM30.314 million at 31 December 2012 is in respect of 295 acres of land at Kota Gadong Perdana, Mukim Labu, Seremban, Negeri Sembilan held by a subsidiary company, Riverine Project. This has been classified as non-current assets as the development project on the said land is not scheduled to commence in near future.

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****8. Deferred Tax Assets**

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Balance at 1 January	533	1,853	2,020	2,014
Transferred from/ (to) statement of comprehensive income	1,320	167	(6)	3
Balance at 31 December	<u>1,853</u>	<u>2,020</u>	<u>2,014</u>	<u>2,017</u>

9. Goodwill Arising on Consolidation

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Goodwill arising an consolidation	18	18	18	18
Less: Accumulated amortisation	(18)	(18)	(18)	(18)
Balance at 31 December	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>

* Represent RM1.00.

10. Development Properties in Progress

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Land at cost	4,298	22,889	17,278	37,291
Development cost	57,496	79,408	102,690	308,442
Add: Cost incurred during the year	61,794	102,297	119,968	345,733
Land at cost	18,591	4,090	12,535	54,814
Development cost	150,004	74,172	671,890	277,793
Less: Cost recognised as expense in statement of comprehensive income	(128,096)	(60,591)	(458,659)	(304,576)
	<u>102,293</u>	<u>119,968</u>	<u>345,734</u>	<u>373,764</u>

11. Inventories

These comprise completed properties at cost.

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****12. Trade receivables**

Trade receivables mainly consist of amount due from property buyers.

13. Amount Due From/(To) Contracts Customer

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Contract cost incurred to date	93,542	101,653	8,288	31,308
Proportion of estimated profit accrued	10,512	15,683	-	-
	<u>104,054</u>	<u>117,336</u>	<u>8,288</u>	<u>31,308</u>
Less: Progress billings received and receivable	(109,701)	(123,074)	-	(25,101)
	<u>(5,647)</u>	<u>(5,738)</u>	<u>8,288</u>	<u>6,207</u>
Represented by:				
Amount due from customers for construction contracts	2,565	4,024	8,288	18,818
Amount due to customers for construction contracts	(8,212)	(9,762)	-	(12,611)
	<u>(5,647)</u>	<u>(5,738)</u>	<u>8,288</u>	<u>6,207</u>

14. Other Receivables, Deposits and Prepayments

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Other receivables	13,889	20,426	11,624	12,818
Deposits	520	671	5,808	610
Prepayments	452	103	399	1,697
	<u>14,861</u>	<u>21,200</u>	<u>17,831</u>	<u>15,125</u>

Included in other receivables for the financial year ended 31 December 2012 are amounts due from certain directors of certain subsidiary companies totaling RM28,000 (2011 – RM35,000, 2010 – RM53,000, 2009 – RM80,000) which represents housing loans made to the full time executive directors of the subsidiary companies under Section 133 (1) of the Companies Act, 1965. The loan is repayable in 120 installments and bears no interest.

15. Amount Due From a Subsidiary

The amount due from a subsidiary company in the Group is in respect of amount owing by 5G Multimedia Sdn Bhd. This amount was fully settled in financial year ended 31 December 2010.

The amount due from subsidiary company is unsecured, interest free and have no fixed terms of repayment.

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****16. Deposits, Cash and Bank Balances**

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Fixed deposits with licensed banks	4,742	4,851	5,002	5,155
Cash deposits pledged for bank guarantee facilities	-	-	-	-
Cash and bank balances	3,094	5,388	8,965	25,572
	<u>7,836</u>	<u>10,239</u>	<u>13,967</u>	<u>30,727</u>
The fixed deposits are pledged as securities for banking facilities for the Group and for the Company	4,742	4,851	5,002	5,155

The interest rate ranges and maturity periods of fixed deposits at the statement of financial position date were as follows:

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Interest rate ranges	2% - 2.2%	2.8% - 2.9%	3.0% - 3.2%	3.0% - 3.1%
Maturity periods (months)	1 - 12	1 - 12	1 - 12	1 - 12

17. Share Capital

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Ordinary shares of RM1 each				
Authorised:-				
At 1 January	50,000	50,000	50,000	2,000,000
Increased during the year	-	-	1,950,000	-
At 31 December	<u>50,000</u>	<u>50,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:-				
At 1 January	40,671	40,671	40,671	51,101
Bonus Issue	-	-	3,986	-
Allotted during the year	-	-	6,444	-
At 31 December	<u>40,671</u>	<u>40,671</u>	<u>51,101</u>	<u>51,101</u>

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****18. Reserves**

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Non-distributable:-				
Capital reserve				
- Surplus arising from revaluation of investment	21,890	21,890	21,890	21,890
- Capitalised for bonus issue in year 2003	(10,950)	(10,950)	(10,950)	(10,950)
- Capitalised for bonus issue in year 2004	(10,637)	(10,637)	(10,637)	(10,637)
	303	303	303	303
Distributable:-				
Retained profits	141,524	162,036	186,225	290,529
At 31 December	141,827	162,339	186,528	290,832

During the financial year ended 31 December 2003, the Board revalued the Company's investment in Riverine Projects Sdn. Bhd., a subsidiary company, to RM21,890,000 after taking into consideration the opinion provided by Messrs Colliers, Jordan Lee & Jaafar, a professional valuer. The surplus arising from the revaluation of RM21,889,998 was credited into the Capital Reserve Account.

19. Non-Controlling Interest

Included in non-controlling interest is one (1) redeemable preference share ("RPS") of RM1.00. The RPS, is a special share that shall be held only by a special shareholder, being the State Agency or any person appointed by and acting on behalf of the State Government of Negeri Sembilan Darul Khusus. The Menteri Besar of Negeri Sembilan Darul Khusus (Incorporation), a State Agency of Negeri Sembilan Darul Khusus, is the special shareholder.

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****20. Hire Purchase Payables**

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Minimum payments				
- not later than 1 year	772	694	743	743
- later than 1 year and not later than 5 years	1,561	1,088	981	238
	2,333	1,782	1,724	981
Less: Future hire-purchase charges	(283)	(204)	(189)	(111)
Present value	2,050	1,578	1,535	870
Total payable	2,050	1,578	1,535	870
Less: Payable within 1 year	(690)	(618)	(665)	(582)
Payable after 1 year	1,360	960	870	288
Term	3 - 6 years	3 - 6 years	3 - 6 years	3 - 6 years
Interest rates	2.2% - 3.5%	2.28 - 3.5%	2.18-3.5%	2.18 - 3.5%

The interest rates are fixed at the inception of the hire-purchase arrangements.

21. Term loans and bank Overdrafts (Secured)

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Term loans repayment due:				
Within twelve months	4,660	3,425	3,590	3,565
Between 1 and 2 years	4,935	3,629	3,081	4,267
Between 2 and 5 years	11,260	8,253	7,161	10,008
After 5 years	5,369	3,938	1,910	3,300
	21,564	15,820	12,152	17,575
	26,224	19,245	15,742	21,140
Term loans interest	1%-1.5% above bank's BLR	1%-1.5% above bank's BLR	1%-1.5% above bank's BLR	0.25% - 1.5% above bank's BLR
Bank overdrafts interest	1.5%-2% above bank's BLR	1.5%-2% above bank's BLR	1.5%-2% above bank's BLR	1.5%-2% above bank's BLR

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

The term loans, bank overdrafts and other credit facilities of the Group and of the Company obtained from licensed banks are secured as follows:-

- (i) Facilities agreements;
- (ii) Legal charge over certain development properties and properties of certain subsidiary companies;
- (iii) Guaranteed jointly and severally by certain directors of the Company and of certain subsidiary companies;
- (iv) Pledge of fixed deposits of the Company and of certain subsidiary companies;
- (v) Corporate guarantee on principal sums plus interest thereon by the Company.
- (vi) The Government of Malaysia/Credit Guarantee Corporation ("CGC") under Working Capital Guarantee Scheme up to RM2,400,000.
- (vii) A specific debenture over certain charged properties of subsidiary companies; and
- (viii) Hibah Agreement between a third party and a subsidiary company, in relation to the charged properties of that subsidiary company, executed to facilitate the execution of Asset Sale Agreement and Asset Purchase Agreement.

22. Other Loan

The Company had entered into a shareholders cum joint venture agreement and supplemental agreements with the State Agency, Menteri Besar, Negeri Sembilan which is also the special shareholders of a subsidiary company on 29 August, 2005, 15 February 2007 and 30 October, 2007, respectively, to develop the Development Land of the said subsidiary company. Under the abovementioned agreements, the Company has agreed to pay the State Agency a sum of RM250 million and interests thereon at a rate which shall be the corresponding rate charged by the financier for the State Agency in respect of the loan of RM250 million obtained by the State Agency or any other party related to the State Government for the purchase of the Development Land ("Payment Sum") not later than the fifth (5) anniversary of the date of the Loan Disbursement based on the repayment schedule provided in the agreements or any other date to be mutually agreed upon by the parties from sinking funds to be established by the Company and the State Agency for the whole and exclusive purpose of payment of the Payment Sum ("the Sinking Funds"). The contribution to the Sinking Fund established by the subsidiary company shall be made by the Company and/or the subsidiary company jointly and severally. The sinking fund established by the State Agency shall be the proceeds from sale of any parts of the Development Land by the State Agency. In the event that the moneys to the credit of the Sinking Funds at any one time is insufficient to meet any of the obligations to repay the Payment Sum at the periods/ intervals under which the Payment Sum is payable, the Company and/or subsidiary company shall pay or cause to be paid into the Sinking Fund such amount of moneys to meet the repayment of the payment sum when such payment sum fall due to the State Agency until full satisfaction of the Payment Sum not later than 5 years from the date of the Loan Disbursement or any other date to be mutually agreed upon by the Parties, as set out in the agreements. The State Agency via its letter dated 9 December 2008 had agreed for the said amount to be settled by one lump sum payment on 31 December 2010. However, the loan was fully repaid during the year ended 31 December 2011.

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

The abovementioned RM250 million loan and interests thereon repayable to the State Agency of which the Company and/or the subsidiary company have undertaken to repay have been agreed as follows:

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Within twelve months				
- payable on or before 31.12.2009	-	-	-	-
- payable on 31.12.2010	295,140	295,140	-	-
	<u>295,140</u>	<u>295,140</u>	<u>-</u>	<u>-</u>
23. Trade payables				
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Trade debts payable	41,232	42,616	56,818	48,038
	<u>41,232</u>	<u>42,616</u>	<u>56,818</u>	<u>48,038</u>
24. Progress Billings				
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Progress Billings	2,111	18,531	38,269	14,005
	<u>2,111</u>	<u>18,531</u>	<u>38,269</u>	<u>14,005</u>
25. Retention Sums				
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Retention sums	603	831	662	486
	<u>603</u>	<u>831</u>	<u>662</u>	<u>486</u>
26. Other Payables and Accruals				
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Other payables	12,585	12,502	9,439	1,960
Deposits	23	7	5,193	29,578
Accruals	28,550	25,074	100,203	96,096
	<u>41,158</u>	<u>37,583</u>	<u>114,835</u>	<u>127,634</u>

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)**

Included in other payables are:-

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Advances by a person connected to a director of a subsidiary company	1,000	4,000	6,200	-
Advances by the special shareholder of a subsidiary company	1,500	1,500	-	-

Included in accruals are:-

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Estimated further incidental cost necessarily to be incurred on land cost of a development project in a subsidiary company	12,316	12,316	-	-

27. Amount Due To Directors

The amount due to the directors represent unsecured advances and payments made on behalf by a director of the Company and certain directors of certain subsidiaries companies which have no fixed repayment terms bearing interest at 7% per annum.

28. Current Income Tax Liabilities

Current income tax liabilities represent provision for income tax payable to the Inland Revenue.

29. Cash and Cash Equivalents

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Cash and cash equivalents presented in the statement of cash flows comprise:				
Cash and bank balances	3,094	5,388	8,965	25,572
Fixed deposits with licensed banks	4,742	4,851	5,002	5,155
Bank overdrafts (secured)	(9,217)	(10,083)	(4)	(333)
	<u>(1,381)</u>	<u>156</u>	<u>13,963</u>	<u>30,394</u>

13. ACCOUNTANTS' REPORT (Cont'd)



SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

30. Related Party transactions

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Transactions with other related parties:-				
Interest capitalised in property development-in-progress				
- a director of the company	606	657	712	708
- persons connected to directors of the Company	59	184	336	227
- a corporation connected to the company	-	-	4	-
Purchase of building materials and sub-contract charges from corporations connected to directors of the company and certain subsidiary companies	30,954	26,671	28,327	33,576
Coordination fee paid to a director of a subsidiary company	-	-	100	-
Rental paid to corporation connected to a director of:				
- the Company	-	45	60	60
- a subsidiary Company	-	-	-	24
Sales and purchase agreements entered into, net of discounts, with:				
- directors of the Company	-	-	(1,360)	(1,350)
- directors of subsidiary companies	(286)	(135)	(1,477)	-
- corporations connected to directors of the Company	(240)	(3,807)	-	-
- persons connected to directors of the Company	(120)	(7,323)	(2,948)	(200)
- key personnel of the Company	-	(360)	(360)	-
Consideration received relating to disposal of entire interest in an associated company to a person connected to a director of the Company	-	-	(15)	-
Nominal amount of shares allotted to a company related to a director of the Company in connection with the acquisition of 25% interest in the subsidiary	-	-	6,444	-

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****31. Commitments**

The commitments incurred by certain subsidiary companies of the Company are as follows:-

31.1 Riverine Projects

- i) Riverine Projects had entered into a joint venture with a Landowner to develop a piece of land for housing and mixed development projects.

Under the joint venture agreement dated 23 October 2002, the Landowner is entitled to a payment consideration of RM8,500,000 of which RM300,000 was paid upon signing the agreement and the balance to be paid progressively as set out in the agreement. As at 15 April 2013, a sum of RM600,000 has been paid.

- ii) In addition to the above, Riverine in the said agreement had undertaken to be wholly responsible for the resettlement of Orang Aslis residing on the said land.
- iii) On 30 March 2005, Riverine Projects entered into a Coordination Agreement with a company for assistance and coordination in various matters relating to the abovementioned projects. Under the agreement, a sum of RM50,000 was paid to the Coordinator upon execution at the agreement and further sums totaling RM4,500,000 shall be paid progressively as set out in the agreement. This commitment has been revoked via a revocation agreement dated 15 June 2011.

The amount of compensation payable by Riverine Projects for the resettlement of Orang Aslis shall be fixed at agreed total consideration of RM9,000,000 of which the Coordinator shall be liable to bear any sums exceeding RM9,000,000 and if less than the said sum, the company shall pay the balance to the Coordinator within 14 days after the said land has been completely vacated. This commitment has been revoked via a revocation agreement dated 15 June 2011.

- iv) On 21 July 2011, the Company entered into a Coordination Agreement ("Agreement") with a director of Riverine and a third party individual ("Coordinators"), for assistance and coordination in various matters relating to the abovementioned project.

Under the Agreement, a sum of RM200,000 was paid to the Coordinators upon the execution of the Agreement and the remaining sum of RM1,800,000 shall be paid progressively as set out in the Agreement. As at 15 April 2013, a sum of RM200,000 has been paid.

13. ACCOUNTANTS' REPORT (Cont'd)**SUMMARISED FINANCIAL STATEMENTS (CONTINUED)****31.2 Matrix**

- i) Matrix has entered into a joint-venture with a Landowner to develop a piece of land for mixed development project.

Under the joint venture agreement dated 14 May 2005 and supplementary agreement dated 17 April 2008, 2 March 2009, 13 July 2010 and 10 November 2011, the Landowner is entitled to a total consideration of RM108,000,000 to be paid progressively as set out in the agreement. As at 15 April 2013, a sum of RM82 million has been paid.

- ii) Matrix had on 26 January 2011 entered into a joint venture agreement with Restu Pertiwi Sdn Bhd for the assignment of all Restu Pertiwi Sdn Bhd's rights title interest and liability arising from a joint venture agreement between MBI and Restu Pertiwi Sdn Bhd dated 26 January 2011, for the development of land measuring approximately 42 acres in Pekan Paroi Jaya, District of Seremban, Negeri Sembilan. Resulting from the said joint venture agreement, Matrix is liable to pay MBI a sum of RM9.5 million. As at 15 April 2013, no payment has been made.

32. Litigations**i) Matrix**

Matrix has been named as defendant at the Seremban High Court Civil Suit. The Plaintiff are the adjoining landowners to one of Matrix's housing project, of which the Plaintiff alleged that Matrix had encroached into their land when constructing a road for the said project and are claiming special and general damages for the tort of trespass.

Matrix has admitted the earlier encroachment but denied that the Plaintiff have suffered the damage as alleged as Matrix has taken necessary steps to restore the lands to the way it was prior to the trespass. The legal advisors are of the opinion that the damages for the initial trespass, in the event, it should be paid, should not exceed the ceiling sum of RM100,000.

As at the date of this report, this Suit has not been fixed for hearing.