**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

This Abridged Prospectus, together with the notice of provisional allotment ("**NPA**") and the rights subscription form ("**RSF**") (collectively, the "**Documents**") are only despatched to the shareholders of Mah Sing Group Berhad ("**Mah Sing**") who have provided our Share Registrar with a registered address in Malaysia and whose names appear in our Record of Depositors at 5.00 p.m. on 25 February 2013 ("**Entitled Shareholder**"). Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their provisional allotment of Rights Shares and Warrants (as defined below) under the Rights Issue with Warrants (as defined below) ("**Provisional Allotments**"), application for Excess Rights Shares and Warrants (as defined in this Abridged Prospectus), or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares and Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither Mah Sing, CIMB Investment Bank Berhad ("**CIMB**") nor Hong Leong Investment Bank Berhad *(formerly known as MIMB Investment Bank Berhad)* ("**HLIB**") shall accept any responsibility or liability in the event that any acceptance or renunciation (as the case may be) of the Provisional Allotments, application for Excess Rights Shares and Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares and Warrants made by any Entitled Shareholder and/or his renouncee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/or his renouncee(s) and/or transferee(s) (if applicable) is a resident.

The approval from our shareholders for amongst others, the Rights Issue with Warrants, was obtained at our Extraordinary General Meeting held on 5 February 2013. The approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for, amongst others, the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for all the new securities arising from the Rights Issue with Warrants and the Mah Sing Shares (as defined below) to be issued upon the exercise of the Warrants on Bursa Securities was also obtained via its letter dated 14 January 2013. Admission to the Official List of Bursa Securities and the listing of and quotation for the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

The Board of Directors of Mah Sing has seen and approved all the documentation relating to this Rights Issue with Warrants including the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

CIMB and HLIB, being the Joint Principal Advisers and Joint Underwriters for this Rights Issue with Warrants, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

# MAH SING GROUP BERHAD

*(Company No. 230149-P)*
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 280,099,803 NEW ORDINARY SHARES OF RM0.50 EACH IN MAH SING ("MAH SING SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 168,059,881 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 3 EXISTING MAH SING SHARES HELD AND 3 WARRANTS FOR EVERY 5 RIGHTS SHARES SUBSCRIBED FOR BY OUR ENTITLED SHAREHOLDERS AT AN ISSUE PRICE OF RM1.42 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")**

***Joint Principal Adviser, Managing Underwriter and Joint Underwriter***

CIMB

**CIMB Investment Bank Berhad**
**(18417-M)**
(A Participating Organisation of Bursa Malaysia Securities Berhad)

***Joint Principal Adviser and Joint Underwriter***

Hong Leong Investment Bank Berhad

**Hong Leong Investment Bank Berhad**
**(10209-W)**
(A Participating Organisation of Bursa Malaysia Securities Berhad)

***Joint Underwriter***

AFFIN INVESTMENT BANK

**Affin Investment Bank Berhad**
**(9999-W)**
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIMES:**

| | | |
|---|---|---|
| Entitlement Date | : | Monday, 25 February 2013 at 5.00 p.m. |
| Last date and time for the sale of Provisional Allotments | : | Monday, 4 March 2013 at 5.00 p.m. |
| Last date and time for the transfer of Provisional Allotments | : | Thursday, 7 March 2013 at 4.00 p.m. |
| Last date and time for acceptance and payment | : | Tuesday, 12 March 2013 at 5.00 p.m.* |
| Last date and time for application and payment for Excess Rights Shares and Warrants | : | Tuesday, 12 March 2013 at 5.00 p.m.* |

* or such later date and time as our Directors, Joint Principal Advisers and Managing Underwriter may decide and announce not less than 2 Market Days (as defined in this Abridged Prospectus) before the stipulated date and time.

**This Abridged Prospectus is dated 25 February 2013**

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE WITH WARRANTS AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007.

SECURITIES LISTED ON BURSA MALAYSIA SECURITIES BERHAD ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS & SERVICES ACT 2007 (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF MAH SING SHARES AND WARRANTS BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY MAH SING SHARES AND WARRANTS IN ANY JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" PAGE OF THIS ABRIDGED PROSPECTUS.

## DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus:

| | | |
|---|---|---|
| Act | : | The Companies Act, 1965 |
| Additional Undertaking | : | An additional undertaking by Mayang Teratai to apply for Excess Rights Shares and Warrants to support, in aggregate with the Undertaking, 50% of the Rights Issue with Warrants |
| Affin | : | Affin Investment Bank Berhad |
| BNM | : | Bank Negara Malaysia |
| Board | : | The Board of Directors of Mah Sing |
| Bonus Issue | : | The bonus issue of new Mah Sing Shares to be credited as fully paid-up on the basis of 1 Bonus Share for every 5 Mah Sing Shares held after the Rights Issue with Warrants |
| Bonus Shares | : | New Mah Sing Shares to be issued pursuant to the Bonus Issue |
| Bursa Depository | : | Bursa Malaysia Depository Sdn Bhd |
| Bursa Securities | : | Bursa Malaysia Securities Berhad |
| CIMB | : | CIMB Investment Bank Berhad |
| CDS | : | Central Depository System |
| CDS Account | : | A securities account established by Bursa Depository for a depositor for the recording of deposits and dealings in such securities by the depositor |
| Code | : | Malaysian Code on Take-Overs and Mergers, 2010 |
| Controller | : | Controller of Foreign Exchange (via BNM) |
| Convertible Bonds | : | 7-year RM325 million nominal value of 3.25% redeemable convertible secured bonds which are convertible into Mah Sing Shares. The Convertible Bonds are not listed on any stock exchange |
| Corporate Exercise | : | Collectively, the Rights Issue with Warrants, the Bonus Issue and the Exemption |
| Deed Poll | : | The deed poll executed by our Company on 18 February 2013 constituting the Warrants |
| Deloitte KassimChan | : | Messrs. Deloitte KassimChan |
| Documents | : | Collectively, this Abridged Prospectus and the accompanying NPA and RSF |
| EGM | : | Extraordinary general meeting |
| Entitled Shareholders | : | Our shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date in order to be entitled under the Rights Issue with Warrants |
| Entitlement Date | : | 5.00 p.m. on 25 February 2013, being the time and date on which the Entitled Shareholders must be registered in our Company's Record of Depositors in order to be entitled under the Rights Issue with Warrants |
| EPF | : | Employees Provident Fund Board |
| EPS | : | Earnings per share |

## DEFINITIONS *(Cont'd)*

| | | |
|---|---|---|
| ESOS | : | Employees' share option scheme |
| Excess Rights Shares and Warrants | : | Rights Shares and Warrants not taken up or not validly taken up by our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) prior to excess application |
| Exemption | : | The exemption for Mayang Teratai and persons acting in concert with it from the obligation to carry out a mandatory offer on the remaining voting shares in Mah Sing not held by Mayang Teratai and persons acting in concert with it after the Rights Issue with Warrants |
| Exercise Price | : | RM2.38, being the price at which 1 Warrant is exercisable into 1 Mah Sing Share, subject to such adjustments as may be allowed under the Deed Poll |
| FELDA | : | Koperasi Permodalan FELDA Malaysia Berhad |
| Foreign Entitled Shareholders | : | Our shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date and having an address outside Malaysia as set out in Bursa Depository's records, which are entitled under the Rights Issue with Warrants |
| FPE | : | Financial period ended/ ending, as the case may be |
| FYE | : | Financial year ended/ ending, as the case may be |
| HLIB | : | Hong Leong Investment Bank Berhad *(formerly known as MIMB Investment Bank Berhad)* |
| Issue Price | : | The issue price of RM1.42 per Rights Share |
| Joint Principal Advisers | : | Collectively, CIMB and HLIB |
| Joint Underwriters | : | Collectively, CIMB, HLIB and Affin |
| KWAP | : | Kumpulan Wang Persaraan (Diperbadankan) |
| LPD | : | 31 January 2013, being the latest practicable date prior to the issuance of this Abridged Prospectus |
| Mah Sing Shares | : | Ordinary shares of RM0.50 each in our Company |
| Managing Underwriter | : | CIMB |
| Market Day | : | Any day between Monday and Friday (both days inclusive) on which Bursa Securities is open for trading in securities |
| Mayang Teratai | : | Mayang Teratai Sdn Bhd |
| NA | : | Net assets |
| NPA | : | Notice of provisional allotment |
| Options | : | Options under our Company's ESOS which are exercisable into Mah Sing Shares |
| Provisional Allotments | : | Rights Shares and Warrants provisionally allotted to our Entitled Shareholders |
| Record of Depositors | : | A record of depositors established by Bursa Depository under the Rules of Bursa Depository |

| | | |
|---|---|---|
| Rights Issue with Warrants | : | Renounceable rights issue of up to 280,099,803 Rights Shares together with up to 168,059,881 Warrants on the basis of 1 Rights Share for every 3 existing Mah Sing Shares held and 3 Warrants for every 5 Rights Shares subscribed for by our Entitled Shareholders at the Issue Price |
| Rights Shares | : | New Mah Sing Shares to be issued pursuant to the Rights Issue with Warrants |
| RSF | : | Rights subscription form |
| Rules of Bursa Depository | : | Rules of the Central Depository as defined in the SICDA |
| SC | : | Securities Commission Malaysia |
| SICDA | : | Securities Industry (Central Depositories) Act, 1991 |
| State Authority | : | As defined in the Land Acquisition Act, 1960 |
| Tan Sri Leong | : | Tan Sri Dato' Sri Leong Hoy Kum |
| TERP | : | Theoretical ex-rights price |
| Undertaking | : | A written irrevocable undertaking by Mayang Teratai to subscribe in full for its entitlement under the Rights Issue with Warrants |
| Underwriting Agreement | : | Underwriting agreement dated 7 February 2013 relating to the Rights Issue with Warrants between our Company, the Managing Underwriter and the Joint Underwriters |
| VWAMP | : | Volume-weighted average market price |
| Warrants | : | New detachable warrants to be issued free together with the Rights Shares pursuant to the Rights Issue with Warrants |

**CURRENCIES**

| | | |
|---|---|---|
| HKD | : | Hong Kong Dollar |
| IDR | : | Indonesian Rupiah |
| RM and sen | : | Ringgit Malaysia and sen, respectively |
| SGD | : | Singapore Dollar |
| USD | : | United States Dollar |

All references to "**our Company**" or "**Mah Sing**" in this Abridged Prospectus are to Mah Sing Group Berhad, and references to "**our Group**" or "**Mah Sing Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context requires otherwise, our Group.

All references to "**you**" in this Abridged Prospectus are to our Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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# MAH SING GROUP BERHAD

*(Company No. 230149-P)*
(Incorporated in Malaysia under the Companies Act, 1965)

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

| Name | Address | Nationality | Occupation |
|---|---|---|---|
| Jen. Tan Sri Yaacob Bin Mat Zain (R)<br>*(Chairman/Independent Non-Executive Director)* | 7 Jalan Maktab 5<br>54000 Kuala Lumpur | Malaysian | Company Director |
| Tan Sri Dato' Sri Leong Hoy Kum<br>*(Group Managing Director/Group Chief Executive)* | Lot 510 Jalan Senyum Matahari<br>Country Heights<br>43000 Kajang<br>Selangor Darul Ehsan | Malaysian | Company Director |
| Dato' Steven Ng Poh Seng<br>*(Executive Director)* | No. 16 Jalan BU 11/5<br>Bandar Utama<br>47800 Petaling Jaya<br>Selangor Darul Ehsan | Malaysian | Company Director |
| Lim Kiu Hock<br>*(Executive Director)* | No. 1 Jalan TR 4/1<br>Tropicana Golf & Country Resort<br>47410 Petaling Jaya<br>Selangor Darul Ehsan | Malaysian | Company Director |
| Leong Yuet Mei<br>*(Non-Independent Non-Executive Director)* | 1, Legenda Puteri 1<br>Jalan PJU 1A/57B<br>Damansara Legenda<br>47410 Petaling Jaya<br>Selangor Darul Ehsan | Malaysian | Company Director |
| Captain Izaham Bin Abd. Rani (R)<br>*(Independent Non-Executive Director)* | Lot 1511, Taman Suria<br>71050 Sirusa<br>Port Dickson<br>Negeri Sembilan | Malaysian | Company Director |
| Loh Kok Leong<br>*(Independent Non-Executive Director)* | A-11-3 Tiara Faber Condominium<br>Taman Desa<br>58100 Kuala Lumpur | Malaysian | Company Director |

## CORPORATE DIRECTORY *(Cont'd)*

### AUDIT COMMITTEE

| Name | Designation | Directorship |
|---|---|---|
| Jen. Tan Sri Yaacob Bin Mat Zain (R) | Chairman | Chairman/Independent Non-Executive Director |
| Captain Izaham Bin Abd. Rani (R) | Member | Independent Non-Executive Director |
| Loh Kok Leong | Member | Independent Non-Executive Director |

**COMPANY SECRETARIES** : Yang Bao Ling (MAICSA 7041240)
B-8-2, Bukit Pandan 2
No. 10, Jalan 1/91B
Off Jalan Perdana 3/1
Pandan Perdana
55300 Kuala Lumpur

Tel. no.: +603 9221 8888

Kuan Hui Fang (MIA 16876)
No. 23, Jalan BU3/2
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Tel. no.: +603 2264 3883

**REGISTERED OFFICE/ CORPORATE OFFICE** : Penthouse Suite 1
Wisma Mah Sing
No. 163, Jalan Sungai Besi
57100 Kuala Lumpur

Tel. no.: +603 9221 8888
Fax no.: +603 9222 2833
E-mail: ir@mahsing.com.my
Website: www.mahsing.com.my

**AUDITORS AND REPORTING ACCOUNTANTS** : Deloitte KassimChan (AF 0080)
Chartered Accountants
Level 19, Uptown 1
No. 1, Jalan SS 21/58, Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Tel. no.: +603 7723 6500
Fax no.: +603 7726 3986

**SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel. no.: +603 2264 3883
Fax no.: +603 2282 1886

## CORPORATE DIRECTORY *(Cont'd)*

**PRINCIPAL BANKERS** :

Affin Bank Berhad
17th Floor, Menara Affin
80 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Tel. no.: +603 2055 9000

CIMB Bank Berhad
UL Wisma Amanah Raya
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel. no.: +603 2084 8888

Hong Leong Bank Berhad
Level 5, Wisma Hong Leong
18, Jalan Tun Perak
50450 Kuala Lumpur
Malaysia

Tel. no.: +603 2164 2828

Hong Leong Islamic Bank Berhad
Level 1, Wisma Hong Leong
18, Jalan Tun Perak
50450 Kuala Lumpur
Malaysia

Tel. no.: +603 2164 3939

HSBC Amanah Malaysia Berhad
No. 2, Leboh Ampang
50100 Kuala Lumpur
Malaysia

Tel. no.: +603 2070 0744

Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Tel. no.: +603 2070 8833

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

Tel. no.: +603 2034 5034

## CORPORATE DIRECTORY *(Cont'd)*

| | | |
|---|---|---|
| | | Public Bank Berhad<br>Menara Public Bank<br>146, Jalan Ampang<br>50450 Kuala Lumpur<br>Malaysia<br><br>Tel. no.: +603 2176 6000 |
| | | RHB Bank Berhad<br>Level 7, Tower 3,<br>RHB Centre<br>Jalan Tun Razak<br>50400 Kuala Lumpur<br>Malaysia<br><br>Tel. no.: +603 9287 8888 |
| | | P.T. Bank Ekonomi Raharja Tbk<br>Kantor Pusat Graha Ekonomi,<br>Jl. Setiabudi Selatan Kav. 7-8,<br>Jakarta 12920,<br>Indonesia.<br><br>Tel. no.: +6221 2554 5800 |
| **SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS** | : | Messrs Adnan Sundra & Low<br>Advocates & Solicitors<br>Level 11, Menara Olympia<br>No.8, Jalan Raja Chulan<br>50200 Kuala Lumpur<br><br>Tel. no.: +603 2070 0466 |
| **JOINT PRINCIPAL ADVISERS** | : | CIMB Investment Bank Berhad<br>10th Floor, Bangunan CIMB<br>Jalan Semantan<br>Damansara Heights<br>50490 Kuala Lumpur<br>Malaysia<br><br>Tel. no.: +603 2084 8888 |
| | | Hong Leong Investment Bank Berhad<br>*(Formerly known as MIMB Investment Bank Berhad)*<br>Level 23, Menara HLA<br>No. 3, Jalan Kia Peng<br>50450 Kuala Lumpur<br><br>Tel. no.: +603 2168 1168 |
| **MANAGING UNDERWRITER** | : | CIMB Investment Bank Berhad<br>10th Floor, Bangunan CIMB<br>Jalan Semantan<br>Damansara Heights<br>50490 Kuala Lumpur<br>Malaysia<br><br>Tel. no.: +603 2084 8888 |

## CORPORATE DIRECTORY *(Cont'd)*

| | | |
|---|---|---|
| **JOINT UNDERWRITERS** | : | CIMB Investment Bank Berhad<br>10th Floor, Bangunan CIMB<br>Jalan Semantan<br>Damansara Heights<br>50490 Kuala Lumpur<br>Malaysia<br><br>Tel. no.: +603 2084 8888<br><br>Hong Leong Investment Bank Berhad<br>*(Formerly known as MIMB Investment Bank Berhad)*<br>Level 23, Menara HLA<br>No. 3, Jalan Kia Peng<br>50450 Kuala Lumpur<br><br>Tel. no.: +603 2168 1168<br><br>Affin Investment Bank Berhad<br>27th Floor, Menara Boustead<br>69 Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Malaysia<br><br>Tel. no.: +603-2142 3700 |
| **STOCK EXCHANGE LISTED AND LISTING SOUGHT** | : | Main Market of Bursa Securities |

Company No. 230149-P

**MAH SING GROUP BERHAD**
*(Company No. 230149-P)*
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

Penthouse Suite 1
Wisma Mah Sing
No. 163, Jalan Sungai Besi
57100 Kuala Lumpur

25 February 2013

**Board of Directors:**

| | |
|---|---|
| Jen. Tan Sri Yaacob Bin Mat Zain (R) | *(Chairman/Independent Non-Executive Director)* |
| Tan Sri Dato' Sri Leong Hoy Kum | *(Group Managing Director/Group Chief Executive)* |
| Dato' Steven Ng Poh Seng | *(Executive Director)* |
| Lim Kiu Hock | *(Executive Director)* |
| Leong Yuet Mei | *(Non-Independent Non-Executive Director)* |
| Captain Izaham Bin Abd. Rani (R) | *(Independent Non-Executive Director)* |
| Loh Kok Leong | *(Independent Non-Executive Director)* |

**To: Our Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 280,099,803 RIGHTS SHARES TOGETHER WITH UP TO 168,059,881 WARRANTS ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 3 EXISTING MAH SING SHARES HELD AND 3 WARRANTS FOR EVERY 5 RIGHTS SHARES SUBSCRIBED FOR BY OUR ENTITLED SHAREHOLDERS AT THE ISSUE PRICE**

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## 1. INTRODUCTION

1.1 On 10 December 2012, CIMB and HLIB jointly announced on behalf of our Board that we proposed to undertake, amongst others, the Rights Issue with Warrants.

1.2 On 26 December 2012, CIMB and HLIB jointly announced on behalf of our Board that the Controller had approved the issuance of the Warrants to our non-resident shareholders pursuant to the Rights Issue with Warrants.

On 14 January 2013, CIMB and HLIB jointly announced on behalf of our Board that Bursa Securities had, via its letter dated 14 January 2013, given its approval for, amongst others, the admission of the Warrants to be issued pursuant to the Rights Issue with Warrants, the listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants and the listing of and quotation for the new Mah Sing Shares to be issued pursuant to the exercise of the Warrants.

Our shareholders had, at an EGM held on 5 February 2013 approved, amongst others, the Rights Issue with Warrants and the Exemption. A certified true extract of the ordinary resolutions pertaining to the Rights Issue with Warrants and the Exemption which were passed at the said EGM, is set out in Appendix I of this Abridged Prospectus.

1.3 On 6 February 2013, CIMB and HLIB jointly announced on behalf of our Board, amongst others, the following:

(i) the Issue Price had been fixed at RM1.42 for each Rights Share at an entitlement basis of 1 Rights Share for every 3 existing Mah Sing Shares held by the Entitled Shareholders;

(ii) the entitlement basis for the Warrants had been fixed as 3 Warrants for every 5 Rights Shares subscribed for by our Entitled Shareholders; and

(iii) the Exercise Price had been fixed at RM2.38 for each Warrant.

1.4 On 7 February 2013, CIMB and HLIB jointly announced on behalf of our Board that:

(i) the SC had approved the Exemption;

(ii) our Company had entered into the Underwriting Agreement; and

(iii) the Entitlement Date for the Rights Issue with Warrants had been fixed at 5.00 p.m. on 25 February 2013.

No person is authorised to give any information or make any representation not contained in the Documents in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us, CIMB and/or HLIB.

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

## 2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

### 2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 280,099,803 Rights Shares together with up to 168,059,881 Warrants to the Entitled Shareholders on the basis of 1 Rights Share for every 3 existing Mah Sing Shares held with 3 Warrants for every 5 Rights Shares subscribed for by our Entitled Shareholders on the Entitlement Date at the Issue Price.

Based on this, up to RM397,741,720.26 will be raised from the Rights Issue with Warrants ("**Total Gross Proceeds**"), and up to RM399,982,516.78 will be raised, assuming full exercise of the Warrants.

**The Warrants shall only be issued to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. Nonetheless, the Warrants will be detached from the Rights Shares immediately upon issue and will be traded separately on the Main Market of Bursa Securities.**

Any fractional Rights Shares and Warrants arising from the Rights Issue with Warrants shall be disregarded and will be included in the pool of Excess Rights Shares and Warrants to be made available for excess application.

Any Excess Rights Shares and Warrants, if any, will be made available for excess application by our Entitled Shareholders and/or their renouncee(s) and/or transferee(s).

It is the intention of our Board to allocate the Excess Rights Shares and Warrants, if any, in a fair and equitable manner. As such, our Board intends to allocate the Excess Rights Shares and Warrants on a pro-rata basis to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares and Warrants in the manner set out in Section 10.6 of this Abridged Prospectus.

As you are an Entitled Shareholder and the Mah Sing Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares and Warrants provisionally allotted to you, as well as to apply for Excess Rights Shares and Warrants if you choose to do so.

Any dealing in our securities will be subject to, *inter alia*, the provisions of the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares and Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificate will be issued but notices of allotment will be despatched to the successful applicants.

Within 8 Market Days from the last date of acceptance and payment for the Rights Shares and Warrants or such other date as may be prescribed by Bursa Securities, we will:

(i) allot the Rights Shares and Warrants;

(ii) despatch notices of allotment to the allottees; and

(iii) make an application for quotation for the Rights Shares and Warrants on the Main Market of Bursa Securities.

The Rights Shares and Warrants will then be listed and quoted on the Main Market of Bursa Securities 2 Market Days after the application for quotation is made to Bursa Securities.

### 2.2 Basis of determining the Issue Price and Exercise Price

The Issue Price of RM1.42 represents a discount of approximately 37.2% to the 5-day VWAMP of Mah Sing Shares up to 5 February 2013, being the last day of trading prior to the announcement of the price-fixing of the Rights Shares on 6 February 2013, of RM2.26 and 30.7% to the TERP of Mah Sing Shares of RM2.05 computed based on the 5-day VWAMP. The discount to TERP is in line with precedent rights issue exercises.

The Exercise Price represents a premium of approximately 16.1% to the TERP of RM2.05, which takes into account amongst others, the funding requirements of our Company and the expected timing of such requirements over the next 5 years.

### 2.3 Ranking of the Rights Shares and new Mah Sing Shares arising from the exercise of the Warrants (collectively, "Rights and Exercised Shares")

The Rights and Exercised Shares will, upon issuance and allotment, rank *pari passu* in all respects with the then existing Mah Sing Shares, except that the Rights and Exercised Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the allotment date of the Rights and Exercised Shares.

## 2.4 Principal terms of the Warrants

| | | |
|---|---|---|
| Issue Size | : | Up to 168,059,881 Warrants |
| Form | : | The Warrants, which are issued with the Rights Shares will be immediately detached upon issue and separately traded. The Warrants will be issued in registered form and constituted by the Deed Poll |
| Tenure | : | 5 years from and inclusive of the date of issue of the Warrants |
| Exercise rights | : | Each Warrant entitles the holder to subscribe for 1 new Mah Sing Share at the Exercise Price satisfied in cash |
| Exercise Price | : | Subject to adjustments in accordance with the Deed Poll, the exercise price of the Warrants had been fixed at RM2.38 for each Warrant |
| Exercise period | : | The Warrants shall be exercisable into new Mah Sing Shares on any market day within a period from the date of issue of the Warrants up to and including the close of the market day on the date falling 5 years from the date of issue of the Warrants. Any Warrants not exercised during the aforesaid exercise period will thereafter lapse and become void |
| Distribution rights of the Warrants | : | The Warrants are not entitled to any dividends, rights, allotments and/or other distributions to any existing Mah Sing Shares until such Warrants are exercised and new Mah Sing Shares are issued and allotted to such Warrant holders |
| Status of new Mah Sing Shares arising from the exercise of the Warrants | : | The new Mah Sing Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Mah Sing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is before the allotment date of the new Mah Sing Shares |
| Adjustments to the Exercise Price and/or number of Warrants | : | The Exercise Price or any additional Warrant which a Warrant Holder may be entitled to be issued with from time to time shall be adjusted, calculated or determined by the Directors of Mah Sing in consultation with the approved investment bank and/or the auditors in accordance with the provisions as contained in the Memorandum to the Deed Poll |
| Ranking in event of winding-up, compromise and/or arrangements | : | If a resolution is passed for a members' voluntary winding-up of the Company or where there is a court order approving a scheme of compromise or arrangement made pursuant to Section 176 of the Act, whether or not for the purpose of or in connection with the amalgamation of the Company with one or more companies, then:-<br><br>(i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrant holders or some person designated by them for such purpose by special resolution shall be a party, the terms of such scheme of arrangement shall be binding on all the Warrant holders; |

(ii) in any other case every holder of Warrants shall upon and subject to the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the exercise period for the Warrants), by delivery to the Company of a duly completed subscription form together with the relevant Exercise Price in the manner described in the Deed Poll, be entitled to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the rights represented by such Warrants to the extent specified in the subscription form and had on such date been the holder of the Mah Sing Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly; and

(iii) Subject to conditions (i) and (ii) above, if the Company is wound up (other than by way of a members' voluntary winding up), all exercise rights which have not been exercised prior to the date of commencement of the winding up shall lapse and the Warrants will cease to be valid for any purpose.

| | | |
|---|---|---|
| Modification to terms and conditions of the Warrants | : | Mah Sing may make any modification to the Deed Poll if, in the opinion of the approved investment bank, such modification, addition or deletion will not be materially prejudicial to the interests of the Warrant holders, or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia or any requirements of the relevant regulatory authority upon consultation with legal advisers. |
| Listing | : | Approval has been obtained from Bursa Securities on 14 January 2013 for the listing of and quotation for the Warrants and the new Mah Sing Shares to be issued upon exercise of the Warrants |
| Board lot | : | The Warrants shall be tradable upon listing in board lots of 100 Warrants, or such denomination as may be determined by Bursa Securities |
| Other approval | : | Approval has been obtained from the Controller for the issuance of Warrants to our non-resident shareholders pursuant to the Rights Issue with Warrants |
| Constitution | : | The Warrants are constituted by the Deed Poll |
| Governing law | : | Laws and regulations of Malaysia |

## 3. DETAILS OF THE UNDERTAKING, ADDITIONAL UNDERTAKING AND UNDERWRITING ARRANGEMENT

The Rights Issue with Warrants will be undertaken on a full subscription basis.

Mayang Teratai, our major shareholder, had provided its irrevocable written undertaking dated 15 January 2013 to subscribe in full for its entitlements under the Rights Issue with Warrants. Mayang Teratai had also provided via the same letter an additional undertaking to apply for Excess Rights Shares and Warrants to support, in aggregate with the Undertaking, 50% of the Rights Issue with Warrants.

The following table sets out Mayang Teratai's intended subscription for the Rights Issue with Warrants pursuant to the Undertaking and Additional Undertaking:

| | Shareholdings as at the LPD | | Pursuant to the Undertaking | | Pursuant to the Undertaking and assuming the full subscription of the Additional Undertaking | |
|---|---|---|---|---|---|---|
| | No. of Mah Sing Shares | %* | No. of Rights Shares and Warrants entitled to be subscribed | % | No. of Rights Shares and Warrants entitled to be subscribed | % |
| Rights Shares | 292,116,676 | 34.8 | up to 97,372,225 | 34.8 | up to 140,049,900 | 50.0 |
| Warrants | - | - | up to 58,423,334 | 34.8 | up to 84,029,940 | 50.0 |

***Note:***

* *The number of Mah Sing Shares in issue as at the LPD is adjusted for 0.3 million Mah Sing Shares which has been issued subsequent to the LPD pursuant to the exercise of Options on the LPD. The computation is based on 840,299,410 Mah Sing Shares which will be the number of Mah Sing Shares in issue as at the Entitlement Date.*

Mayang Teratai has confirmed and CIMB and HLIB have verified, that Mayang Teratai has sufficient financial resources to fulfill its obligations pursuant to the Undertaking and the Additional Undertaking.

We had on 7 February 2013 entered into the Underwriting Agreement to underwrite the remaining portion of the Rights Shares for which no undertaking was obtained from Mayang Teratai, in the following proportions:

| | Number of underwritten Rights Shares | Issue value of the underwritten Rights Shares (RM) | % of total underwritten Rights Shares |
|---|---|---|---|
| CIMB | 112,039,923 | 159,096,690.66 | 80.0 |
| HLIB | 14,004,990 | 19,887,085.80 | 10.0 |
| Affin | 14,004,990 | 19,887,085.80 | 10.0 |
| | **140,049,903** | **198,870,862.26** | **100.0** |

The underwriting commission is 1.0% of the value of the underwritten Rights Shares based on the Issue Price, while the managing underwriter commission is 0.5% of the value of the underwritten Rights Shares based on the Issue Price. The underwriting commission payable to the Joint Underwriters, the managing underwriter commission payable to the Managing Underwriter and all costs in relation to the Underwriting Agreement will be fully borne by our Company.

As a result of the Additional Undertaking, Mayang Teratai's equity interest in our Company may increase by more than 2% from 34.8% as at the LPD. In accordance with the Code, Mayang Teratai would then be required to carry out a mandatory offer on the remaining Mah Sing Shares not held by Mayang Teratai and persons acting in concert with it after the Rights Issue with Warrants.

As it is not Mayang Teratai's intention to carry out a mandatory offer on Mah Sing Shares as a result of the Additional Undertaking, approval for the Exemption had been sought from our non-interested shareholders and the SC. Such approvals had been obtained on 5 February 2013 and 7 February 2013 respectively.

## 4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants would enable our Company to raise funds to part finance our property development expenditure, future land acquisitions and for our general working capital requirements which are expected to contribute positively to the future profitability of our Group.

Given our Group's strength for quick turnaround developments, part of the proceeds from the Rights Issue with Warrants earmarked for future land acquisitions will ensure that our Group is able to replenish our existing land bank for continuous long-term growth. In addition, equity financing will result in interest savings as compared to additional bank borrowings and enable our shareholders' funds to better reflect the current scope of our activities.

Furthermore, our shareholders are provided an opportunity to participate in an equity offering on a pro-rata basis to acquire new Mah Sing Shares at a discount to prevailing market prices. This serves to reward them for their continuous support and loyalty to our Company and avoid dilution of their interests (assuming all shareholders fully subscribe for their respective entitlements), which is preferable as compared to a private placement of new Mah Sing Shares.

The Rights Issue with Warrants would increase our Group's shareholders' funds and at the same time strengthen our balance sheet. The enlarged share base is also expected to enhance the liquidity of Mah Sing Shares on the Main Market of Bursa Securities.

The free Warrants to be issued pursuant to the Rights Issue with Warrants allows the Entitled Shareholders to increase their equity participation in our Company at a pre-determined price over the tenure of the Warrants. The Entitled Shareholders may also benefit from any potential capital appreciation of the Warrants. In addition, our Company would be able to raise further proceeds as and when any of the Warrants are exercised.

Based on the above and after taking into consideration the other options available, our Board is of the view that fund-raising by way of the Rights Issue with Warrants is in the best interest of our Company and our shareholders.

## 5. UTILISATION OF PROCEEDS

The Total Gross Proceeds of up to RM397.7 million is proposed to be utilised in the following manner:

| Details of utilisation | Timeframe for utilisation | Amount |
|---|---|---|
| | | RM mil |
| Property development expenditure and future land acquisition[(1)] | Within 24 months | 350.0 |
| General working capital of our Group | Within 12 months | 42.7 |
| Estimated expenses in relation to the Corporate Exercise | Within 6 months | 5.0 |
| **Total Gross Proceeds under the Rights Issue with Warrants[(2)]** | | **397.7** |

***Notes:***

(1) *Property development expenditure shall include, amongst others, contributions in respect of joint developments of land such as capital outlay and payment of landowners' entitlements, payments to contractors, suppliers and consultants and also contribution payments (which include, amongst others, land conversion or land alienation premiums, charges relating to the provision of the supply of electricity or water, building plan fees and development charges) to the relevant authorities in respect of property development activities.*

*The proceeds from the Rights Issue with Warrants have not been earmarked for specific projects or parcels of land at this juncture to provide flexibility in determining the ultimate use of the proceeds while providing comfort to shareholders that the proceeds will largely be used for Mah Sing's core business in property development and future landbanking activities. Some of our notable property development projects include SouthVille City in Bangi, M Residence and M Residence 2 in Rawang, Icon City in Petaling Jaya, M City in Jalan Ampang, Garden Plaza and Garden Residence in Cyberjaya, Ferringhi Residence and Southbay Plaza @ Southbay City in Penang Island, Meridin @ Medini, Mah Sing i-Parc @ Iskandar in Johor Bahru and Sutera Avenue in Kota Kinabalu.*

(2) *Any difference between the actual gross proceeds to be raised and the Total Gross Proceeds or any deviation of the actual expenses in relation to the Corporate Exercise will be correspondingly adjusted against the amount allocated for the general working capital requirements of our Group.*

The gross proceeds of up to RM399,982,516.78 targeted to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. The gross proceeds to be raised from the exercise of Warrants will be utilised for working capital as and when required, whenever the Warrants are exercised over the 5-year tenure of the Warrants.

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## 6. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Issue with Warrants. There may be additional risk factors, which are not disclosed below, which are not presently known to us or which we currently deem to be less significant, which may materially and adversely affect our business, financial condition, operating results and prospects in the future.

### 6.1 Business and Operational Risks

#### (i) Competition Risks

Our existing projects which are currently focused in key locations in Kuala Lumpur, the Klang Valley, Johor Bahru, Penang Island and Kota Kinabalu, Sabah faces competition from various property developers, including on the availability of strategically located and reasonably priced land banks. The property development market is highly competitive and any oversupply of properties due to a mismatch in supply and demand will intensify the level of competition which may, amongst others, affect pricing. There can be no assurance that buyers will purchase properties from our developments instead of our competitors.

Our Group has strong branding and an established track record and we will continue to take measures to address the competition risk such as conducting market intelligence study to understand buyers' needs, monitoring and adjusting development products and marketing strategies in response to changing economic conditions and market demand.

#### (ii) Political, Economic and Regulatory Considerations

All of our existing property development projects are located in Malaysia, and the success of our existing projects therefore heavily depends on the continued growth of the property market in Malaysia, particularly in Kuala Lumpur, the Klang Valley, Johor Bahru, Penang Island and Kota Kinabalu, Sabah.

The property industry in general is affected by adverse developments in political, economic and regulatory conditions in Malaysia and there is no assurance that any such developments may not have an adverse effect on the financial prospects of property developers in Malaysia including our Group. Political and economic uncertainties include but are not limited to, changes in labour laws, availability of labour, a switch in political leadership and/or changes in the government's policies on interest rates, methods of taxation and licensing regulations.

In addition, we and third parties upon whom we depend on expect to be or continue to be subject to extensive safety, health and environmental laws and regulations and various immigration, labour and workplace related laws and regulations. The scope and extent of any new safety, health and environmental laws and regulations, including their effect on our operations, cannot be predicted.

The above factors affect all players in the property industry and are generally beyond our control.

However, our Group is confident that its experienced management team and proven ability to respond and adapt to the ever-changing economic and regulatory environment, will put our Group in good stead to alleviate any difficulties arising from the changes in the political, economic and regulatory circumstances should they arise in the future. Notwithstanding the above, there can be no assurance that these changes will not materially affect our Group.

**(iii) Dependence on Licensing/Approval from Authorities**

Property developers including our Group are subject to various regulatory approvals particularly in respect of approvals for development plans and conversion of land usage. There is no assurance that any delay in obtaining these approvals may not have an adverse impact on the timing of launching our property development projects and thereby affecting our future profitability. To ensure smooth implementation of our development projects, we conduct thorough studies on the nature and background of land to be acquired and ensure that we comply with procedural and documentation requirements in relation to the applications for necessary approvals. In addition, we will monitor the progress of such applications by progressively liaising with the relevant authorities.

**(iv) Dependence on Main/Sub-Contractors**

Generally, the property development industry is dependent on the performance of the main/sub-contractors to ensure timely completion of the respective building and infrastructure works as per their contractual timeline. There is no assurance that any unanticipated delay due to unforeseen circumstances, shortage of supplies of construction materials or labour and unsatisfactory performance of the appointed main/sub-contractors may not have an adverse effect on the operations and profitability of our Group.

Our Group implements stringent selection criterion to ensure that only main contractors with proven track record and adequate financial resources are engaged to undertake construction works in our Group's development projects. It is also our Group's current practice to award our contracts to contractors on fixed terms where increases in cost or delays by such contractors will be absorbed and/or compensated by them. Furthermore, we are not dependent on any single main contractor as we engage the services of many contractors for the development of our projects. In addition, our Group will also seek to mitigate such risks by close monitoring of the contractor's work progress in order to ensure the timely completion of the property development projects.

**(v) Dependence on Key Personnel**

Our success is significantly dependent on the efforts, abilities and continued performance of our Directors, senior management and key employees, particularly of our Group Managing Director/Group Chief Executive Tan Sri Leong who has been instrumental in our Group's growth and success. Should Tan Sri Leong or any other key employees leave our Company, there is no certainty that a suitable replacement can be found which will have the same skill sets and experience. Accordingly, our continued success will depend to a significant extent upon the abilities and continued efforts of the Directors and senior management of the Mah Sing Group in attracting and retaining skilled personnel who have and will continue to contribute to the growth of the Group.

As part of our Group's effort in attracting and retaining employees with the right skills and expertise, we have in place human resource initiatives which include competitive remuneration packages (which include the ESOS) and a human resource training and development programme for our employees in all key functions of our operations.

In addition to being our Group Managing Director/Group Chief Executive, Tan Sri Leong is also a major shareholder of Mah Sing through his shareholdings in Mayang Teratai. The Additional Undertaking given by Mayang Teratai may be viewed as Tan Sri Leong's continuous support towards our Group.

**(vi) Financing Risk**

In addition to the proceeds raised under the Rights Issue with Warrants, we may be required to seek external financing to fund the working capital requirements or land acquisition to support the growth of our business. Our ability to arrange for such external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks, the success and track record of our businesses, provisions of tax and securities laws that may be applicable to our efforts to raise capital, any restrictions imposed by the Government and political, social and economic conditions in Malaysia.

Nevertheless, the proceeds from the Rights Issue with Warrants would strengthen our balance sheet and improve our ability to obtain the necessary financing, if required.

**(vii) Compulsory acquisition by the State Government**

Pursuant to the provisions of the Land Acquisition Act 1960, the State Authority has the power to acquire any land, whether in whole or in part, which is needed:

(a) for any public purpose; or

(b) by any person or corporation for any purpose which in the opinion of the State Authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or

(c) for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

In the event of such compulsory acquisition, the amount of such compensation awarded may be less than the open market value of the properties and may be less than the purchase consideration of the properties which was paid by our Group. Notwithstanding the above and pursuant to the Land Acquisition Act, 1960, we have the right to submit an objection against the quantum of compensation awarded.

## 6.2 Risk relating to the Rights Issue with Warrants

**(i) Market Price for the Mah Sing Shares**

A variety of factors could cause the prices of Mah Sing Shares to fluctuate, including large block trades of Mah Sing Shares on the open market, announcements of developments relating to our Group's business, fluctuations in our operating/financial results or revenue levels and changes in regulatory requirements or market conditions.

In addition, external factors such as economic, political and industry conditions and load stock market sentiments/liquidity could also adversely affect the prices of Mah Sing Shares.

There can be no assurance that the market price of the Mah Sing Shares (together with the Rights Shares and any new Mah Sing Shares issued from time to time pursuant to the exercise of the Warrants) will be traded above the TERP after the completion of the Rights Issue with Warrants.

**(ii) Delay in or Abortion of the Rights Issue with Warrants**

There is a risk that the Rights Issue with Warrants may be aborted or delayed if there is a material adverse change of events/circumstances which is beyond the control of our Company, CIMB, HLIB or Affin, arising during the implementation of the Rights Issue with Warrants.

There are also certain circumstances where the Underwriters may terminate the Underwriting Agreement on the occurrence of any of the termination events set out in the Underwriting Agreement. These include, amongst others, events which may materially prejudice the success of the Rights Issue with Warrants, have a material adverse effect on the financial condition, prospects, results and/or assets of our Company or Group or result in it being commercially impracticable for the Underwriters to proceed on the terms and in the manner contemplated in the Documents and the Underwriting Agreement.

Notwithstanding the risks, our Company will exercise its best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants. In the event that the Rights Issue with Warrants is aborted, the Company will repay without interest all monies received from the applicants in accordance with Section 243 of the Capital Markets & Services Act, 2007.

### 6.3 Forward looking statements / future prospects

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

# 7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

## 7.1 Overview and prospects of the Malaysian Economy

The Malaysian economy is expected to strengthen further and projected to grow at a faster rate of 4.5% to 5.5% in 2013 supported by improving exports and strong domestic demand on the assumption that global growth will pick up, especially during the second half of 2013. Domestic demand is expected to maintain its strong momentum driven by robust private investment and strong private consumption.

Private investment is envisaged to drive economic growth over the medium term, underpinned by the ongoing implementation of the Economic Transformation Programme and vibrant construction activity. Private investment is expected to post a strong growth of 13.3% in 2013 (2012: 11.7%). Private consumption is expected to expand by 5.7% (2012: 7%) on account of higher disposable income arising from better employment outlook, firm commodity prices and the wealth effect from the stable performance of the stock market following strong domestic economic activities. Public investment will be largely led by the Non-Financial Public Enterprises ("**NFPE**")'s capital spending on oil and gas, telecommunications and transport-related industries. Public investment will continue to support growth and is expected to expand to 4.2% in 2013 (2012: 15.9%). Growth is anticipated to be driven by higher capital outlays by the NFPEs and development expenditure by the federal government.

All sectors of the economy are expected to contribute to growth, with the services, manufacturing and construction sectors spearheading the expansion.

*(Source: Ministry of Finance Malaysia, Economic Report 2012/2013)*

## 7.2 Overview and prospects of the Property Industry in Malaysia

The construction sector (consisting of residential, non-residential, civil engineering and special works) posted a strong growth of 18.9% during the first half of 2012 (January – June 2011: 3.4%), the fastest pace since 1995. This impressive performance was underpinned by robust construction activity in the civil engineering and residential subsectors.

The non-residential subsector grew 12.8% (January – June 2011: 4.2%) largely driven by construction of industrial buildings, particularly in the Samalaju Industrial Park, Sarawak and shophouses. Overall occupancy rate in the various segments of commercial buildings remained steady, reflecting strong domestic economic activities.

The residential subsector expanded significantly by 22% during the first half of 2012 (January – June 2011: 9.9%) supported by strong demand for housing and investment purposes arising from higher household disposable income. Additionally, improved accessibility following the development of infrastructure projects further stimulated the demand for houses, especially in the suburban areas. In terms of demand, the take-up rate of newly launched residential units improved to 17.6% (January – June 2011: 10.3%). Following this, total properties transacted increased 1.1% to 217,160 transactions valued at RM69.1 billion (January – June 2011: 18.2%, RM64.6 billion) with the residential sector accounting for 63% of the total number of transactions and 48% of the total value transacted. In tandem with the better performance of new launches, the residential overhang declined 32% with a total value of RM3.8 billion during the first half of 2012 (January – June 2011: -1.4%, RM4.7 billion). The Malaysian All-House Price Index trended upwards by 7.9% to 167.3 points during the second quarter of 2012 (Q2 2011: 10.6%, 155.1 points), with Klang Valley recording the highest index at 185.3 points followed by Pulau Pinang at 181 points, respectively. Kuala Lumpur continued to record the highest average all-house price at RM491,388, followed by Selangor (RM364,722) and Pulau Pinang (RM261,601).

The construction sector is envisaged to expand strongly by 11.2% (2012: 15.5%), with all subsectors registering steady growth. The sector is expected to benefit from the acceleration of ongoing construction activities, particularly from the Economic Transformation Programme and Second Rolling Plan construction-related projects. The non-residential subsector is expected to expand spurred by the industrial building segment and the commencement of construction of the Tun Razak Exchange. The residential subsector is also projected to expand, albeit at a moderate pace, after recording several years of strong growth. Key housing development projects, particularly in Sungai Buloh and Bandar Malaysia in Sungai Besi, which are expected to commence in 2013, will support residential construction activities.

*(Source: Ministry of Finance Malaysia, Economic Report 2012/2013)*

### 7.3 Prospects of the Mah Sing Group

Our Group's overall performance in 2012 has been commendable with revenue growing at a compounded annual growth rate of 34% per annum from RM0.65 billion in 2008 to RM1.57 billion in 2011 with our unaudited 9-month FPE 30 September 2012 revenue growing by 16% to RM1.33 billion as compared with the corresponding period in 2011.

Our Group's performance has been primarily driven by our property development business which has recorded impressive growth with revenue growing at a compounded annual growth rate of 40% per annum from RM0.50 billion in 2008 to RM1.36 billion in 2011 with our unaudited 9-month FPE 30 September 2012 revenue growing by 18% to RM1.2 billion as compared with the corresponding period in 2011. Although our Group is also involved in the manufacture, assembly and sale of a range of plastic moulded products, this business segment had contributed only 4.5% of our Group's operating profits for the unaudited 9-month FPE 30 September 2012.

Barring any unforeseen circumstances, our Board expects growing demand for property development in Malaysia, notably in growth areas such as Kuala Lumpur, the Klang Valley, Johor Bahru, Penang Island and Kota Kinabalu, Sabah. This is evident from the reception of our Group's launched and recently previewed projects, namely, amongst others, M Residence in Klang Valley, Garden Plaza and Clover @ Garden Residence in Klang Valley, Ferringhi Residence and Southbay Plaza @ Southbay City in Penang Island, Mah Sing i-Parc @ Iskandar in Johor Bahru and Sutera Avenue in Kota Kinabalu. Demand is expected to be supported by favourable demographics in Malaysia (i.e. a large young working population), an accommodative lending environment and better employment outlook. Our Group endeavours to continuously match its products to market demand based on market studies performed.

During the year 2012, we further expanded our portfolio through the acquisition of new landbanks for new development projects, namely SouthVille City in Bangi, M Residence 2 in Rawang, Sutera Avenue in Kota Kinabalu and Meridin @ Medini in Iskandar Malaysia. These acquisitions have a collective potential gross development value of approximately RM5.88 billion and have increased our project portfolio to a total of 40 to-date (including ongoing and completed projects). As at unaudited FPE 30 September 2012, our Group's unbilled sales, combined with the remaining gross development value from our projects and new land deals above is estimated at more than RM19 billion.

Prospects in the Klang Valley are expected to be positive, given the upcoming infrastructure projects such as the Klang Valley Mass Rapid Transit and the continued government support such as in the development of the Greater KL area. Prospects in Iskandar Malaysia are also bright given rapid development of infrastructure such as highway access to Iskandar Malaysia and completion of the various developments around Medini. In Kota Kinabalu, our Group expects to benefit from the growth of the retail and tourism industry as supported by the Malaysian government and the Sabah Economic Development and Investment Authority. In Penang Island, our Group's prospect is expected to be boosted by growth in the tourism sector and economic expansion arising from the Northern Corridor Economic Region development and initiatives for an education hub. Hence, we are currently focused on accelerated development of the said projects to meet the growing demand in such locations.

Nonetheless, our Group will continue to evaluate potential acquisitions and joint development of strategic land parcels in line with our landbanking strategy to further expand and grow our business to create sustainable return on investment for our shareholders.

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## 8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

The following section sets out the financial effects of the Rights Issue with Warrants and are illustrated on the assumption that our Company's remaining Options and Convertible Bonds are exercised and converted after the Bonus Issue.

### 8.1 Issued and paid-up share capital

| | No. of Mah Sing Shares | Amount |
|---|---|---|
| | million | RM million |
| Issued and paid-up share capital as at the LPD | 840.0 | 420.0 |
| To be issued pursuant to Options exercised on the LPD | 0.3 | 0.1 |
| Issued and paid-up share capital as at the Entitlement Date[(1)] | 840.3 | 420.1 |
| To be issued pursuant to the Rights Issue with Warrants | 280.1 | 140.1 |
| | 1,120.4 | 560.2 |
| To be issued pursuant to the Bonus Issue | 224.1 | 112.0 |
| | 1,344.5 | 672.2 |
| To be issued pursuant to exercise of remaining Options[(2)] | 66.5 | 33.3 |
| To be issued pursuant to the conversion of the Convertible Bonds[(2)] | 207.0 | 103.5 |
| | 1,618.0 | 809.0 |
| To be issued pursuant to the exercise of Warrants[(2)] | 201.7 | 100.9 |
| **Enlarged issued and paid-up share capital** | **1,819.7** | **909.9** |

***Notes:***

(1) *To facilitate the price fixing, Mah Sing has obtained a written undertaking from the holders of the Convertible Bonds not to convert their Convertible Bonds from the date of the price-fixing to the Entitlement Date. Mah Sing has also rescheduled the timing for the exercise of the Options. Accordingly, the issued and paid-up capital as at the Entitlement Date will be 840.3 million Mah Sing Shares.*

(2) *Adjusted pursuant to the Rights Issue with Warrants and the Bonus Issue in accordance with the terms of the by-laws for the Options, trust deed for the Convertible Bonds and Deed Poll for the Warrants (collectively, "**Governing Documents**").*

*The adjustments to be made to the exercise/conversion prices and the corresponding number of outstanding convertible securities or resultant Mah Sing Shares (as the case may be) have been reviewed and agreed by Deloitte KassimChan (Mah Sing's Reporting Accountants for the Rights Issue with Warrants and the Bonus Issue) to be in accordance to the terms of the Governing Documents, and they are as follows:*

| | | *Exercise / conversion price (RM)* | | *No. of securities (million)* | |
|---|---|---|---|---|---|
| ***Outstanding Convertible Securities*** | ***Adjustment factor*** | ***Prior to adjustment*** | ***After adjustment*** | ***Prior to adjustment*** | ***After adjustment*** |
| *Options* | *0.7559** | *1.72^* | *1.30^* | *50.3* | *66.5* |
| *Convertible Bonds* | *0.7559** | *2.09* | *1.57* | *155.5* | *207.0* |
| *Warrants* | *0.8333 or 5/6* | *2.38* | *1.98* | *168.1* | *201.7* |

* *The adjustment factor of 0.7559 for the Options and Convertible Bonds is a combined adjustment factor comprising the adjustment factor of 0.9071 arising from the Rights Issue with Warrants and 0.8333 or 5/6 arising from the Bonus Issue.*

^ *Represents a blended exercise price.*

## 8.2 NA per share and gearing

Based on our latest audited consolidated statement of financial position as at 31 December 2011 and the assumption that the Rights Issue with Warrants and the Bonus Issue had been completed and all Warrants are fully exercised as at 31 December 2011, the proforma effects of the Rights Issue with Warrants and the Bonus Issue on our consolidated NA per share and gearing are set out below:

| | | I | II | III | IV | V | VI |
|---|---|---|---|---|---|---|---|
| | **Audited as at 31 December 2011** | **Exercise of Options from 1 January 2012 to the LPD[(1)]** | **After I and the payment of cash material commitments and material land transaction[(2)]** | **After II and the Rights Issue with Warrants** | **After III and the Bonus Issue** | **After IV and the exercise of remaining Options and conversion of Convertible Bonds** | **After V and assuming the full exercise of Warrants[(3)]** |
| | RM mil | RM mil | RM mil | RM mil | RM mil | RM mil | RM mil |
| Share capital | 415.9 | 420.1 | 420.1 | 560.2 | 672.2 | 809.0[(7)] | 909.9 |
| Share premium[(4)] | 131.1 | 140.8 | 140.8 | 334.5 | 222.5 | 497.3[(7)] | 859.7 |
| Warrant reserve[(5)] | - | - | - | 63.9 | 63.9 | 63.9 | - |
| Other reserves | 29.4 | 26.2[(6)] | 26.2 | 26.2 | 26.2 | 3.8[(7)] | 3.8 |
| Retained earnings | 496.8 | 500.0[(6)] | 500.0 | 500.0 | 500.0 | 470.9[(7)] | 470.9 |
| Equity attributable to equity holders of Mah Sing / Net assets | 1,073.2 | 1,087.1 | 1,087.1 | 1,484.8 | 1,484.8 | 1,844.9 | 2,244.3 |
| Non-controlling interests | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 |
| **Total equity** | **1,088.5** | **1,102.4** | **1,102.4** | **1,500.1** | **1,500.1** | **1,860.2** | **2,259.6** |
| | | | | | | | |
| Number of Mah Sing Shares in issue (million) | 831.9 | 840.3[(1)] | 840.3 | 1,120.4 | 1,344.5 | 1,618.0 | 1,819.7 |
| Total deposits, cash and bank balances (RM million) | 665.7 | 679.6 | 617.7 | 1,015.4 | 1,015.4 | 1,101.9 | 1,501.3 |
| Total borrowings (RM million) | 977.6 | 977.6 | 1,222.6 | 1,222.6 | 1,222.6 | 954.3[(7)] | 954.3 |
| Net debt/(cash) (RM million) | 311.9 | 298.0 | 604.9 | 207.2 | 207.2 | (147.6) | (547.0) |
| | | | | | | | |
| NA/net tangible assets per share (RM) | 1.29 | 1.29 | 1.29 | 1.33 | 1.10 | 1.14 | 1.23 |
| Gross gearing (times)[(8)] | 0.90 | 0.89 | 1.11 | 0.82 | 0.82 | 0.51 | 0.42 |
| Net gearing (times)[(9)] | 0.29 | 0.27 | 0.55 | 0.14 | 0.14 | (0.08) | (0.24) |

***Notes:***

(1) *Adjusted for 8.4 million Options exercised between 1 January 2012 and the LPD. 0.008 million Options were exercised at an exercise price of RM0.64 and 8.4 million Options were exercised at an exercise price of RM1.65.*

*The number of Mah Sing Shares in issue as at the LPD is adjusted for 0.3 million Mah Sing Shares which has been issued subsequent to the LPD pursuant to the exercise of Options on the LPD. The computation is based on 840.3 million Mah Sing Shares which will be the number of Mah Sing Shares in issue as at the Entitlement Date.*

(2) *Assuming payment of RM306.9 million comprising RM9.4 million payable for cash material commitments as at the LPD and RM297.5 million payable to Boon Siew Development Sdn Bhd for land in Bandar Baru Bangi, both of which are assumed to be paid via borrowings of RM245.0 million (for the land in Bandar Baru Bangi) and internal cash balances of RM61.9 million.*

*Save as disclosed above, the illustrative proforma does not assume any other inflow or outflow movement.*

(3) *Assuming that 201.7 million Warrants are fully exercised into 201.7 million Mah Sing Shares at the adjusted exercise price of RM1.98 per Warrant.*

(4) *The proforma effects above have not taken into consideration any expenses in relation to the Rights Issue with Warrants and the Bonus Issue, which may be deducted against the share premium account arising from the issuance of the Rights Shares.*

(5) *The warrant reserve arises from the issue of 168.1 million Warrants to shareholders of Mah Sing pursuant to the Rights Issue with Warrants. For illustration purposes, the Warrants are assumed to have a fair value of RM0.38 each based on the Black-Scholes Model. The warrant reserve will be reclassified to share premium upon exercise of the Warrants.*

(6) *The reclassification from other reserves to retained earnings of RM3.2 million, being the equity-settled employees benefit reserve, which arises from the exercise of 8.4 million Options (RM2.5 million) and the lapsing of 2.4 million Options (RM0.7 million) from 1 January 2012 to the LPD.*

(7) *The adjustments arising from the exercise of remaining Options and conversion of Convertible Bonds include the following:*

- *(i) the reclassification from other reserves to retained earnings of RM5.3 million, being the remaining equity-settled employees benefit reserve;*
- *(ii) the charge of unaccrued interest expense on the Convertible Bonds of RM56.7 million to retained earnings;*
- *(iii) the reclassification from other reserves to retained earnings of RM17.1 million, being the equity component of the Convertible Bonds;*
- *(iv) the reversal of deferred tax liabilities of the Convertible Bonds of RM5.3 million to the profit and loss statement; and*
- *(v) the reduction of RM268.3 million, being the liability component of the Convertible Bonds, from borrowings and the increase in share capital and share premium of RM103.5 million and RM221.5 million respectively.*

(8) *Calculated based on total borrowings divided by total equity.*

(9) *Calculated based on net debt/(cash) divided by total equity.*

### 8.3 Earnings and EPS

The impact of the Rights Issue with Warrants and the Bonus Issue on our earnings and consolidated EPS for the FYE 31 December 2013 will depend on, amongst others, the exercise rate of the Warrants as well as the level of returns generated from the utilisation of proceeds raised from the Rights Issue with Warrants and the exercise of the Warrants.

Nevertheless, the Rights Issue with Warrants and the Bonus Issue may result in our consolidated EPS being diluted as a result of the increase in the number of Mah Sing Shares in issue upon completion of the Rights Issue with Warrants and the Bonus Issue and as and when the Warrants are exercised into new Mah Sing Shares.

Moving forward, the Rights Issue with Warrants is expected to contribute positively to our consolidated earnings for the ensuing financial years, when the benefits of the proposed utilisation of proceeds are realised.

### 8.4 Convertible securities

Save for the existing Options and Convertible Bonds, Mah Sing does not have any other convertible securities as at the date of issuance of this Abridged Prospectus. Pursuant to the Rights Issue with Warrants, Mah Sing's convertible securities will include the Warrants.

Any necessary adjustments to the terms and conditions of the Options and the Convertible Bonds arising from the Rights Issue with Warrants and the Bonus Issue will be governed by the terms of the Governing Documents (as defined in Section 8.1 above). Deloitte KassimChan has been appointed as Mah Sing's Reporting Accountants for the Rights Issue with Warrants and the Bonus Issue. The computation of the adjustment factors has been reviewed and agreed by Deloitte KassimChan to be in accordance to the terms of the Governing Documents and will be notified to the holders of the convertible securities.

In accordance with the terms of the Governing Documents, such adjustments shall be effective on the next market day following the Entitlement Date (i.e. 26 February 2013) for the Rights Issue with Warrants and the market day prior to the entitlement date for the Bonus Issue. Any adjustments will be notified to the holders of the convertible securities in accordance to the Governing Documents.

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# 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

## 9.1 Working capital

Our Board is of the opinion that after taking into consideration funds generated from our operations and banking facilities available, our Group will have sufficient working capital to meet our current core business requirements due within a period of 12 months from the date of issuance of this Abridged Prospectus.

## 9.2 Borrowings

As at the LPD, our Group had total outstanding borrowings of approximately RM924.3 million, all of which are interest-bearing, details of which are as follows:

| | Currency | Amount in foreign currency(1) | Amount in RM(2) |
|---|---|---|---|
| **Short term borrowings** | | | |
| Term loan | RM | | 58,718,717 |
| Term loan | IDR | 14,484,916,311 | 4,616,343 |
| Foreign Revolving Credit | USD | 950,000 | 2,950,700 |
| Foreign Revolving Credit | IDR | 8,000,000,000 | 2,549,600 |
| Revolving credits | RM | | 5,250,000 |
| Banker Acceptance | RM | | 2,600,000 |
| Bank Overdraft | IDR | 1,835,071,523 | 584,837 |
| Hire Purchase | RM | | 1,151,831 |
| **Sub total** | | | **78,422,028** |
| **Long term borrowings** | | | |
| Term loan | RM | | 555,779,387 |
| Term loan | IDR | 27,701,709,073 | 8,828,535 |
| Bridging loan | RM | | 1,625,518 |
| Convertible bonds | RM | | 277,329,162 |
| Hire purchase | RM | | 2,345,859 |
| **Sub total** | | | **845,908,461** |
| **Total Borrowings** | | | **924,330,489** |

***Notes:***

(1) *The foreign currency borrowings are in respect of our subsidiaries involved in the manufacture, assembly and sale of a range of plastic moulded products. This business segment had contributed only 4.5% of our Group's operating profits for the unaudited 9-month FPE 30 September 2012.*

(2) *The amount of borrowings in RM is computed based on Bloomberg (Malaysia) Sdn Bhd's middle exchange rate on 31 January 2013 of USD:RM of 3.1060 and 100 IDR:RM of 0.03187.*

There has not been any default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout the past 1 financial year and for the subsequent financial period up to the LPD.

### 9.3 Contingent liabilities and material commitments

As at the LPD, save as disclosed below, our Board is not aware of any contingent liabilities or material commitments for capital expenditure incurred or known to be incurred by our Group:

| | **RM 000** |
|---|---|
| Contractual commitment for acquisition of property, plant and equipment: | |
| - Approved and contracted for | 9,406 |

| Contingent liabilities in respect of: | **RM 000** |
|---|---|
| - Bank guarantees issued in favour of 3rd parties[(1)] | 8,261 |
| - Corporate guarantees issued in favour of 3rd parties[(2)] | 6,000 |
| - Others | 717 |
| **Total** | **14,978** |

***Notes:***

(1) *Refers to bank guarantees issued, amongst others, to the local authorities and utility companies in respect of the Group's property development activities.*

(2) *Refers to corporate guarantees issued on behalf of a subsidiary in favor of external suppliers.*

The material commitments in respect of acquisition of property, plant and equipment is expected to be funded through internally-generated funds and/or bank borrowings.

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## 10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

**YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

### 10.1 General

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares and Warrants.

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares and Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants.

If you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares and Warrants provisionally allotted to you, as well as to apply for Excess Rights Shares and Warrants if you choose to do so.

### 10.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotments (whether in full or in part) is **12 March 2013** at **5.00 p.m.**, or such extended date and time as may be decided and announced by our Board, Joint Principal Advisers and Managing Underwriter at their absolute discretion not less than 2 Market Days before the stipulated date and time.

### 10.3 Procedures for acceptance and payment

**ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS TO YOU AS AN ENTITLED SHAREHOLDER MUST BE MADE ON THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES WHICH DO NOT CONFORM TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.**

If you wish to accept the Provisional Allotments, either in full or in part, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein, and despatch **BY ORDINARY POST, COURIER** or **DELIVERED BY HAND** (at your own risk) each completed RSF together with the relevant payment using the envelope provided (at your own risk) to our Share Registrar at the following address:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel. no.: +603 2264 3883
Fax no.: +603 2282 1886

so as to arrive **not later than 5.00 p.m. on 12 March 2013**, being the last time and date for acceptance and payment, or such later time and date as may be decided and announced by our Board, Joint Principal Advisers and Managing Underwriter at their absolute discretion not less than 2 Market Days before the stipulated time and date.

1 RSF can only be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for separate CDS Account(s). The Rights Shares and Warrants subscribed by you in accordance with the procedures set out in the RSF will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

You should take note that a trading board lot for the Rights Shares and Warrants will comprise of 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given Warrants on the basis of 3 Warrants for every 5 Rights Shares successfully subscribed for. The minimum number of Rights Shares that can be accepted is 1 Rights Share, which will be accompanied with 0.6 Warrants. The minimum number of Warrants that can be issued and allotted with the accepted Rights Shares is 1 Warrant.

Any fractional Warrants will be disregarded and will be included in the pool of Excess Rights Shares and Warrants to be made available for excess application.

Each completed RSF must be accompanied by remittance in RM for the full and exact amount payable for the Rights Shares and Warrants accepted, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia crossed "**A/C Payee Only**" and made payable to "**MAH SING RIGHTS SHARES ACCOUNT**" and endorsed on the reverse side with the name, address and CDS Account of the applicant in block letters to be received by our Share Registrar.

If acceptance and payment for the Provisional Allotments (whether in full or in part) is not received by our Share Registrar by 5.00 p.m. on 12 March 2013, being the last time and date for acceptance and payment, or such later time and date as may be decided and announced by our Board, Joint Principal Advisers and Managing Underwriter at their absolute discretion not less than 2 Market Days before the stipulated time and date, you will be deemed to have declined the Provisional Allotments made to you and it will be cancelled. Such Rights Shares and Warrants not taken up will be allotted to the applicants applying for Excess Rights Shares and Warrants, and subsequently, to the Underwriters, if the Rights Shares and Warrants are not fully taken up by such applicants in the manner as set out in Section 10.6 of this Abridged Prospectus.

If you lose, misplace or for any other reasons require another copy of the Abridged Prospectus and/or the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar at the address stated above or our Registered Office.

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES AND WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**YOU SHOULD NOTE THAT THE RSFS SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

Notification on the outcome of your application for the Provisional Allotments will be despatched to you by ordinary post to the address as shown in Bursa Depository's record at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Provisional Allotments; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the last day for application and payment for the Provisional Allotments.

## 10.4 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities which will be traded on Bursa Securities commencing from 26 February 2013 to 5.00 p.m. on 4 March 2013, you may sell all or part of your entitlement to the Rights Shares and Warrants during such period. You may transfer all or part of your entitlement to the Rights Shares and Warrants from 26 February 2013 to 4.00 p.m. on 7 March 2013.

Should you wish to sell or transfer all or part of your entitlement to 1 or more person(s), you may do so through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. You may sell such entitlement on Bursa Securities or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale or transfer of the Provisional Allotments.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO ANY STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE ARE SUFFICIENT PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.**

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(a) and II of the RSF. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

### 10.5 Procedures for acceptance by renouncee(s) and/or transferee(s)

Renouncees or transferees who wish to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar or our Registered Office.

Please complete the RSF in accordance with the notes and instructions printed therein and submit the same together with the remittance to our Share Registrar at the above-stated address.

As a renouncee or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional Allotments are the same as that applicable to the Entitled Shareholders as set out in Sections 10.3 and 10.4 of this Abridged Prospectus.

**RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.**

### 10.6 Procedures for application for Excess Rights Shares and Warrants

If you are an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) may apply for Excess Rights Shares and Warrants in addition to your Provisional Allotments. If you wish to do so, please complete Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares and Warrants applied for) using the envelope provided (at your own risk) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on 12 March 2013**, being the last time and date for acceptance and payment, or such extended time and date as may be decided and announced by our Board, Joint Principal Advisers and Managing Underwriter at their absolute discretion not less than 2 Market Days before the stipulated time and date.

Payment for the Excess Rights Shares and Warrants applied for should be made in the same manner as described in Section 10.3 above, except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia should be made payable to "**MAH SING EXCESS RIGHTS SHARES ACCOUNT**" crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with the name, address and CDS Account of the applicant in block letters to be received by our Share Registrar.

It is the intention of the Board to allot the Excess Rights Shares and Warrants, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares and Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares and Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess Rights Shares and Warrants on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares and Warrants applied for; and

(iv) in the event that there are still unsubscribed Rights Shares and Warrants after allocating all the Excess Rights Shares and Warrants applied for, the remaining unsubscribed Rights Shares and Warrants will be subscribed by the Joint Underwriters in accordance with the terms and conditions set out in the Underwriting Agreement.

Nevertheless the Board reserves the right to allot the Excess Rights Shares and Warrants applied for under Part I(b) of the RSF in such manner as the Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board set out in (i) to (iv) above is achieved.

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

Notification on the outcome of your application for the Excess Rights Shares and Warrants will be despatched to you by ordinary post to the address as shown in Bursa Depository's records at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Excess Rights Shares and Warrants; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the last day for application and payment for the Excess Rights Shares and Warrants.

### 10.7 Form of issuance

Bursa Securities has already prescribed the Mah Sing Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Bursa Securities has also approved the admission and listing of the Warrants on the Main Market of Bursa Securities. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificate shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares and Warrants will be credited directly into your CDS Accounts.

Any person who intends to subscribe for the Rights Shares and Warrants as a renouncee(s) and/or transferee(s) by purchasing the provisional allotment of Rights Shares and Warrants from an Entitled Shareholder will have his Rights Shares and Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares and Warrants, if allotted to the successful applicant who applies for excess Rights Shares and Warrants, will be credited directly as prescribed securities into his CDS Account.

### 10.8 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any jurisdiction other than Malaysia. The Rights Issue with Warrants to which the Documents relate is only available to Entitled Shareholders receiving the Documents electronically or otherwise within Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

CIMB, HLIB, our Company and our Directors and officers (collectively, the "**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, the Documents will not be sent to the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue with Warrants. Such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms in the Documents, the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which those Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;

(ii) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) are aware that the Provisional Allotments can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares and Warrants; and

(vi) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares and Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares and Warrants available for excess application by the other Entitled Shareholders. You and/or your renouncee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renouncee(s)'s and/or transferee(s)'s entitlement under the Rights Issue with Warrants or to any net proceeds thereof.

## 11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in the Documents.

## 12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
**MAH SING GROUP BERHAD**

**Jen. Tan Sri Yaacob Bin Mat Zain (R)**
Chairman/Independent Non-Executive Director

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**APPENDIX I**

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS AND THE EXEMPTION PASSED AT OUR EGM HELD ON 5 FEBRUARY 2013**

**MAH SING GROUP BERHAD**
(Company No. 230149-P)
(Incorporated in Malaysia)

Certified Extract of the Minutes of the Extraordinary General Meeting of the Members of Mah Sing Group Berhad ("Company" or "Mah Sing") held at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur on Tuesday, 5 February, 2013 at 10.00 a.m.

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**ORDINARY RESOLUTION 1**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW ORDINARY SHARES OF RM0.50 EACH IN MAH SING GROUP BERHAD ("MAH SING SHARES") ("RIGHTS SHARES") TOGETHER WITH FREE DETACHABLE WARRANTS ("WARRANTS") TO RAISE GROSS PROCEEDS OF UP TO RM400.0 MILLION ("PROPOSED RIGHTS ISSUE WITH WARRANTS")**

It was RESOLVED:-

"**THAT** subject to the requisite consents/approvals of the relevant authorities/parties being obtained, authority be and is hereby given to the Directors of the Company ("**Directors**") to allot (provisionally or otherwise) by way of a renounceable rights issue, such number of Rights Shares and Warrants pursuant to the Proposed Rights Issue with Warrants to raise gross proceeds of up to RM400.0 million upon the indicative terms and conditions set out in the Circular, to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Directors or their renouncee(s) to be credited as fully paid-up upon full payment, on an entitlement basis and at an issue price to be determined and announced by the Directors;

**THAT** the Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Mah Sing Shares, except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the allotment date of the Rights Shares;

**THAT** the Directors be and are hereby empowered and authorised to disregard and deal with any fractional entitlement and fraction of the Mah Sing Shares that may arise from the Proposed Rights Issue with Warrants in such a manner as they shall at their absolute discretion deem fit and in the best interest of the Company;

**THAT** any Rights Shares and Warrants which are not taken up or validly taken up shall be made available for excess applications on a pro-rata basis to the entitled shareholders and/or their renouncee(s) who have applied for the excess Rights Shares and Warrants, based on their respective shareholdings in the Company on the entitlement date to be determined and announced later;

**THAT** the Directors be and are hereby authorised to allot and issue such appropriate number of new Mah Sing Shares to be credited as fully paid-up upon full payment arising from any exercise by the holders of the Warrants of their rights in accordance with the provisions of the deed poll constituting the Warrants to be executed by the Company ("**Deed Poll**") and such new Mah Sing Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Mah Sing Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the allotment date of such new Mah Sing Shares;

**THAT** the Directors be and are hereby authorised to execute, sign and enter into the Deed Poll with full power to assent to any condition, modification or amendment as they deem fit, necessary or expedient or as may be imposed by any relevant authorities, and full power to implement and give effect to the terms and conditions of the Deed Poll and in the best interest of the Company;

**THAT** the Directors be and are hereby authorised, from time to time hereafter, to approve and give effect to any adjustment, variation, modification or amendment to the Deed Poll in accordance with and subject to the terms therein (including but not limited to the exercise price and the number of Warrants), to allot and issue such additional number of Warrants pursuant to the adjustments under the Deed Poll, and to allot and issue such additional number of Mah Sing Shares to be credited as fully paid-up upon full payment arising from the exercise of such additional Warrants, and all such new Mah Sing Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Mah Sing Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the date of allotment of such new Mah Sing Shares;

**THAT** approval be and is hereby given for the Company to utilise the proceeds of the Proposed Rights Issue with Warrants for the purposes set out in the Circular, and the Directors be and are hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors shall in their absolute discretion deem fit, necessary, expedient and/or appropriate and in the best interest of the Company;

**AND THAT** the Directors be and are hereby authorised to take all such necessary steps to give effect to the aforesaid Proposed Rights Issue with Warrants with full power to consent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Rights Issue with Warrants and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants in the best interest of the Company."

**ORDINARY RESOLUTION 3**

**PROPOSED EXEMPTION FOR MAYANG TERATAI SDN BHD ("MAYANG TERATAI") AND PERSONS ACTING IN CONCERT WITH IT FROM THE OBLIGATION TO CARRY OUT A MANDATORY OFFER ON THE REMAINING VOTING SHARES IN MAH SING NOT HELD BY MAYANG TERATAI AND PERSONS ACTING IN CONCERT WITH IT AFTER THE PROPOSED RIGHTS ISSUE WITH WARRANTS ("PROPOSED EXEMPTION")**

It was RESOLVED:-

"**THAT** subject to the passing of Ordinary Resolution 1 and the requisite consents/approvals of the relevant authorities/parties being obtained, exemption is hereby given to Mayang Teratai and persons acting in concert with it from the obligation to carry out a mandatory offer on the remaining voting shares in Mah Sing not held by Mayang Teratai and persons acting in concert with it after the Proposed Rights Issue with Warrants as a result of the additional undertaking by Mayang Teratai to apply for excess Rights Shares and Warrants to support, in aggregate with its full entitlements, 50% of the Proposed Rights Issue with Warrants;

**AND THAT** the Directors be and are hereby authorised to take all such necessary steps to give effect to the aforesaid Proposed Exemption with full power to consent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Exemption and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Exemption in the best interest of the Company."

CERTIFIED TRUE COPY

**JEN TAN SRI YAACOB BIN MAT ZAIN (R)**
CHAIRMAN

Dated: 5 February 2013

# INFORMATION ON OUR COMPANY

## 1. HISTORY AND BUSINESS

Our Company was incorporated on 3 December 1991 in Malaysia under the Act as a public company limited by shares under its existing name. Our Company was listed on the Second Board of Bursa Securities on 28 October 1992 and subsequently on 7 July 2004, our Company's entire issued and paid-up share capital was transferred to the Main Board of Bursa Securities (now known as the Main Market of Bursa Securities).

The principal activities of our Company are investment holding and provision of management services to subsidiary companies in our Group.

The principal activities of our subsidiaries and associated company are set out in Section 5 herein.

## 2. SHARE CAPITAL

### 2.1 Authorised, issued and paid-up share capital

The authorised and issued and paid-up share capital of our Company as at the LPD is as follows:

| | No. of Mah Sing Shares | Par value (RM) | Total (RM) |
|---|---|---|---|
| **Authorised** | | | |
| Mah Sing Shares | 2,000,000,000 | 0.50 | 1,000,000,000 |
| **Issued and fully paid-up** | | | |
| Mah Sing Shares | 840,018,010 | 0.50 | 420,009,005 |

### 2.2 Changes in authorised, issued and paid-up share capital

The authorised share capital of our Company was increased from RM500,000,000 comprising 1,000,000,000 Mah Sing Shares to RM1,000,000,000 comprising 2,000,000,000 Mah Sing Shares by way of the creation of additional 1,000,000,000 Mah Sing Shares on 3 December 2010.

Save as disclosed above, there had been no change in the authorised share capital of our Company for the past 3 years preceding the LPD.

The changes in our Company's issued and paid-up share capital for the past 3 years preceding the LPD are as follows:

| Date of allotment | No. of Mah Sing Shares allotted | Par value | Consideration | Total (cumulative) issued and paid-up share capital |
|---|---|---|---|---|
| | | RM | | RM |
| 08.12.2009 | 62,997,000 | 0.50 | Cash pursuant to private placement | 346,487,016.50 |
| 07.04.2010 | 138,594,806 | 0.50 | Bonus issue of 1 for 5 | 415,784,419.50 |
| 19.09.2011 to 30.01.2013 | 8,449,171 | 0.50 | Cash pursuant to exercise of the Options | 420,009,005.00 |

## 3. SUBSTANTIAL SHAREHOLDERS

In the event that our substantial shareholders subscribe for their full entitlements under the Rights Issue with Warrants, there will be no effect on the shareholdings of our substantial shareholders save for the proportionate increase in the total number of Mah Sing Shares held by each of our substantial shareholders following the Rights Issue with Warrants and the Bonus Issue.

Nonetheless, the effects of the Rights Issue with Warrants and the Bonus Issue on the shareholdings of our substantial shareholders in our Company as at the LPD as a result of the adjustments to our convertible securities are as follows:

| | As at the LPD[1] | | | | I After the Rights Issue with Warrants[2] | | | | II After I and the Bonus Issue | | | | III After II and exercise of Options and conversion of Convertible Bonds[3] | | | | IV After III and Exercise of Warrants | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | |
| | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % |
| Mayang Teratai | 292.1 | 34.8 | - | - | 389.5 | 34.8 | - | - | 467.4 | 34.8 | - | - | 467.4 | 28.9 | - | - | 537.5 | 29.5 | - | - |
| EPF | 77.5 | 9.2 | - | - | 103.3 | 9.2 | - | - | 124.0 | 9.2 | - | - | 124.0 | 7.7 | - | - | 142.6 | 7.8 | - | - |
| KWAP | 60.6 | 7.2 | - | - | 80.8 | 7.2 | - | - | 97.0 | 7.2 | - | - | 97.0 | 6.0 | - | - | 111.5 | 6.1 | - | - |
| FELDA | 59.1 | 7.0 | - | - | 78.8 | 7.0 | - | - | 94.6 | 7.0 | - | - | 94.6 | 5.8 | - | - | 108.8 | 6.0 | - | - |
| Tan Sri Leong | - | - | 292.1[4] | 34.8 | - | - | 389.5[4] | 34.8 | - | - | 467.4[4] | 34.8 | 6.4[5] | 0.4 | 467.4[4] | 28.9 | 6.4[5] | 0.4 | 537.5[4] | 29.5 |

***Notes:***

(1) *After adjusting for 0.3 million Mah Sing Shares which has been issued subsequent to the LPD pursuant to the exercise of Options on the LPD. The computation is based on 840.3 million Mah Sing Shares which will be the number of Mah Sing Shares in issue as at the Entitlement Date.*

(2) *Assuming that all shareholders subscribe for their full entitlements under the Rights Issue with Warrants.*

(3) *The substantial shareholders of Mah Sing do not hold any Convertible Bonds as at the LPD.*

(4) *Deemed interested by virtue of shareholdings of Mayang Teratai under Section 6A of the Act.*

(5) *As at the LPD, Tan Sri Leong holds directly 4.8 million Options. The adjusted number of Options held by Tan Sri Leong as a result of the Rights Issue with Warrants and the Bonus Issue is 6.4 million.*

# 4. BOARD OF DIRECTORS OF OUR COMPANY AS AT THE LPD

## 4.1 Particulars of Directors

Based on our Company's Register of Directors' Shareholdings as at the LPD, our Directors, all of whom are Malaysian, and their respective shareholdings in our Company are as follows:

| | | | | Direct | | Indirect | |
|---|---|---|---|---|---|---|---|
| **Name** | **Address / Contact no.** | **Occupation** | **Age** | **No. of Mah Sing Shares held** | **%** | **No. of Mah Sing Shares held** | **%** |
| Jen. Tan Sri Yaacob Bin Mat Zain (R) *(Chairman/ Independent Non-Executive Director)* | 7 Jalan Maktab 5<br>54000 Kuala Lumpur<br>Tel. no.: 03-9221 8888 | Company Director | 77 | - | - | 25,348[(1)] | * |
| Tan Sri Leong *(Group Managing Director/Group Chief Executive)* | Lot 510 Jalan Senyum Matahari<br>Country Heights<br>43000 Kajang<br>Selangor Darul Ehsan<br>Tel. no.: 03-9221 8888 | Company Director | 55 | - | - | 293,106,384[(2)] | 34.9 |
| Dato' Steven Ng Poh Seng *(Executive Director)* | No. 16 Jalan BU 11/5<br>Bandar Utama<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel. no.: 03-9221 8888 | Company Director | 47 | 20,000 | * | - | - |
| Lim Kiu Hock *(Executive Director)* | No. 1 Jalan TR 4/1<br>Tropicana Golf & Country Resort<br>47410 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel. no.: 03-9221 8888 | Company Director | 57 | 550,000 | 0.1 | - | - |
| Leong Yuet Mei *(Non-Independent Non-Executive Director)* | 1, Legenda Puteri 1<br>Jalan PJU 1A/57B<br>Damansara Legenda<br>47410 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel. no.: 03-9221 8888 | Company Director | 58 | - | - | 156,976[(1)] | * |
| Captain Izaham Bin Abd. Rani (R) *(Independent Non-Executive Director)* | Lot 1511, Taman Suria<br>71050 Sirusa<br>Port Dickson<br>Negeri Sembilan<br>Tel. no.: 03-9221 8888 | Company Director | 51 | - | - | - | - |
| Loh Kok Leong *(Independent Non-Executive Director)* | A-11-3 Tiara Faber Condominium<br>Taman Desa<br>58100 Kuala Lumpur<br>Tel. no.: 03-9221 8888 | Company Director | 48 | - | - | - | - |

***Notes:***

* *Less than 0.1%.*

(1) *Deemed interested by virtue of shareholdings of family members pursuant to Section 134(12)(c) of the Act.*

(2) *Deemed interested by virtue of shareholdings in Mayang Teratai pursuant to Section 6A of the Act and shareholdings of family members pursuant to Section 134(12)(c) of the Act.*

Save as disclosed below, as at the LPD, none of our other Directors has Options exercisable into Mah Sing Shares pursuant to our Company's ESOS:

| | No. of Options | |
|---|---|---|
| **Directors** | **Direct** | **Indirect** |
| Tan Sri Leong | 4,800,000 | 2,575,000* |
| Dato' Steven Ng Poh Seng | 2,250,000 | - |
| Lim Kiu Hock | 2,250,000 | - |
| Leong Yuet Mei | - | 135,000* |

***Note:***

* *Deemed interested by virtue of Options held by family member(s).*

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## 4.2 Directors' shareholdings

Based on our Company's Register of Directors as at the LPD, the effects of the Rights Issue with Warrants and the Bonus Issue on the shareholdings of our Directors are as follows:

| | | | | | I | | | | II | | | | III | | | | IV | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at the LPD[1] | | | | After the Rights Issue with Warrants[2] | | | | After I and the Bonus Issue | | | | After II and exercise of Options[3] and conversion of Convertible Bonds[4] | | | | After III and Exercise of Warrants | | | |
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | | No. of Mah Sing Shares | |
| | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % | mil | % |
| Jen. Tan Sri Yaacob Bin Mat Zain (R) | - | - | *[5] | * | - | - | *[5] | * | - | - | *[5] | * | - | - | *[5] | * | - | - | *[5] | * |
| Tan Sri Leong | - | - | 293.1[6] | 34.9 | - | - | 390.8[6] | 34.9 | - | - | 469.0[6] | 34.9 | 6.4 | 0.4 | 472.4[6] | 29.2 | 6.4 | 0.4 | 542.8[6] | 29.8 |
| Dato' Steven Ng Poh Seng | * | * | - | - | * | * | - | - | * | * | - | - | 3.0 | 0.2 | - | - | 3.0 | 0.2 | - | - |
| Lim Kiu Hock | 0.6 | 0.1 | - | - | 0.8 | 0.1 | - | - | 1.0 | 0.1 | - | - | 4.0 | 0.2 | - | - | 4.1 | 0.2 | - | - |
| Leong Yuet Mei | - | - | 0.2[5] | * | - | - | 0.3[5] | * | - | - | 0.4[5] | * | - | - | 0.5[5] | * | - | - | 0.5[5] | * |
| Captain Izaham Bin Abd. Rani (R) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Loh Kok Leong | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

***Notes:***

* *Less than 0.1 million or 0.1%, as the case may be.*

(1) *After adjusting for 0.3 million Mah Sing Shares which has been issued subsequent to the LPD pursuant to the exercise of Options on the LPD. The computation is based on 840.3 million Mah Sing Shares which will be the number of Mah Sing Shares in issue as at the Entitlement Date.*

(2) *Assuming that all shareholders subscribe for their full entitlements under the Rights Issue with Warrants.*

(3) *Save as disclosed below, none of our Directors hold any Options as at the LPD:*

| | ***As at the LPD*** | | ***After adjusting for the Rights Issue with Warrants and the Bonus Issue*** | |
|---|---|---|---|---|
| ***Directors*** | ***Direct*** | ***Indirect*** | ***Direct*** | ***Indirect*** |
| | *mil* | *mil* | *mil* | *mil* |
| *Tan Sri Leong* | *4.8* | *2.6* | *6.4* | *3.4* |
| *Dato' Steven Ng Poh Seng* | *2.3* | - | *3.0* | - |
| *Lim Kiu Hock* | *2.3* | - | *3.0* | - |
| *Leong Yuet Mei* | - | *0.1* | - | *0.1* |

*(4)* *Our Directors do not hold any Convertible Bonds as at the LPD.*

*(5)* *Deemed interested by virtue of shareholdings of family members pursuant to Section 134(12)(c) of the Act.*

*(6)* *Deemed interested by virtue of shareholdings in Mayang Teratai pursuant to Section 6A of the Act and shareholdings of family members pursuant to Section 134(12)(c) of the Act.*

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## 5. SUBSIDIARIES AND ASSOCIATED COMPANY

The subsidiaries and associated company of our Company as at the LPD are as follows:

| Company | Date / Place of incorporation | Issued and paid-up share capital RM (unless stated otherwise) | Effective equity interest | Principal activities |
|---|---|---|---|---|
| | | | % | |
| **Subsidiary Companies** | | | | |
| Capitol Avenue Development Sdn Bhd | 25.02.2011 / Malaysia | 2,500,002.00 | 100 | Property development |
| Elite Park Development Sdn Bhd | 25.11.2010 / Malaysia | 2,500,002.00 | 100 | Property development |
| Enrich Property Development Sdn Bhd | 08.02.2007 / Malaysia | 2,500,002.00 | 100 | Property development |
| Gentali Motor Corpn. Sdn Bhd | 07.05.1991 / Malaysia | 3,000,000.00 | 60.5 | Inactive |
| Golden Venice Development (MM2H) Sdn Bhd | 10.03.2006 / Malaysia | 50,000.00 | 100 | Promote and market Malaysia My Second Home programme and provide related services |
| Grand Pavilion Development Sdn Bhd | 14.08.2009 / Malaysia | 2.00 | 100 | Property development |
| Grand Prestige Development Sdn Bhd | 18.01.2010 / Malaysia | 2,500,002.00 | 100 | Property development |
| Intramewah Development Sdn Bhd | 09.03.2004 / Malaysia | 5,000,000.00 | 100 | Property development |
| Jastamax Sdn Bhd | 22.03.1996 / Malaysia | 3,000,000.00 | 100 | Property development |
| Klassik Tropika Development Sdn Bhd | 19.08.2009 / Malaysia | 2,500,002.00 | 100 | Property development |
| Konsortium Lingkaran Lembah Kinta Sdn Bhd | 10.05.1996 / Malaysia | 100.00 | 51 | Dormant |
| Legend Grand Development Sdn Bhd | 07.12.2004 / Malaysia | 2,500,002.00 | 100 | Property development |
| Liberty Property Management Sdn Bhd | 03.03.2011 / Malaysia | 2.00 | 100 | Property management |
| Loyal Sierra Development Sdn Bhd | 13.12.2005 / Malaysia | 2,500,002.00 | 100 | Property development |
| Mah Sing Trading Sdn Bhd (formerly known as Mah Sing Components Manufacturing Sdn Bhd) | 03.05.1994 / Malaysia | 2,000,000.00 | 100 | Trading of building materials |
| Mah Sing Enterprise Sdn Bhd | 19.02.1980 / Malaysia | 200,000.00 | 100 | Trading of plastics and other related products |
| Mah Sing International (HK) Limited | 02.12.2009 / Hong Kong | HKD 1.00 | 100 | Investment holding |
| Mah Sing International Ltd | 10.08.2007 / British Virgin Islands | USD 1.00 | 100 | Dormant |
| Mah Sing Investment Singapore Pte Ltd | 08.06.2007 / Singapore | SGD 1.00 | 100 | Dormant |
| Mah Sing Plastics Industries Sendirian Berhad | 15.10.1979 / Malaysia | 20,000,000.00 | 100 | Manufacture of plastic moulded products and property development |
| Mah Sing Properties Sdn Bhd | 24.05.1993 / Malaysia | 10,000,000.00 | 100 | Property development & investment holding |
| Major Land Development Sdn Bhd | 29.06.2011 / Malaysia | 2,500,002.00 | 100 | Property development |
| Marvellous Vantage Sdn Bhd | 17.03.2011 / Malaysia | 2.00 | 100 | Property investment |

| Company | Date / Place of incorporation | Issued and paid-up share capital RM (unless stated otherwise) | Effective equity interest | Principal activities |
|---|---|---|---|---|
| | | | % | |
| Maxim Heights Sdn Bhd | 14.09.2006 / Malaysia | 2,500,002.00 | 100 | Property development |
| Multi Synergy Group Sdn Bhd | 08.02.1994 / Malaysia | 2,500,002.00 | 100 | Property development |
| Myvilla Development Sdn Bhd | 12.01.2009 / Malaysia | 2,500,002.00 | 100 | Property development |
| Nova Century Development Sdn Bhd | 04.04.2005 / Malaysia | 2,500,002.00 | 100 | Property development |
| Nova Legend Development Sdn Bhd | 11.04.2005 / Malaysia | 2,500,002.00 | 100 | Property development |
| Oasis Garden Development Sdn Bhd | 17.09.2007 / Malaysia | 5,000,000.00 | 100 | Property development |
| Peninsular Connection Sdn Bhd | 13.10.1995 / Malaysia | 2.00 | 100 | Inactive |
| Pleasant Network Sdn Bhd | 06.02.1996 / Malaysia | 2.00 | 100 | Inactive |
| Sierra Peninsular Development Sdn Bhd | 24.04.2006 / Malaysia | 2,500,002.00 | 100 | Property development and property investment |
| Star Residence Sdn Bhd | 09.03.2006 / Malaysia | 2,600,000.00 | 100 | Property development |
| Superior Focus Sdn Bhd | 24.06.1996 / Malaysia | 2,000,000.00 | 80 | Inactive |
| Supreme Springs Sdn Bhd | 09.08.2007 / Malaysia | 2,500,002.00 | 100 | Property development |
| Suria Lagenda Development Sdn Bhd | 20.10.2006 / Malaysia | 2.00 | 100 | Dormant |
| Uptrend Housing Development Sdn Bhd | 13.10.2010 / Malaysia | 2,500,002.00 | 100 | Property development |
| Venice View Development Sdn Bhd | 30.09.2005 / Malaysia | 2,500,002.00 | 100 | Property development |
| Vienna Home Sdn Bhd | 17.04.2007 / Malaysia | 2,500,002.00 | 100 | Property development |
| Vienna View Development Sdn Bhd | 29.03.2006 / Malaysia | 2,500,002.00 | 100 | Property development |
| Vital Roles Sdn Bhd | 05.12.1996 / Malaysia | 2,800,000.00 | 90 | Inactive |
| Vital Routes Sdn Bhd | 13.12.1994 / Malaysia | 2.00 | 100 | Investment holding |
| Mah Sing Development Sdn Bhd (formerly known as Reputable Housing Development Sdn Bhd) | 06.10.2011 / Malaysia | 2.00 | 100 | Dormant |
| Nova Indah Development Sdn Bhd | 10.04.2012 / Malaysia | 2.00 | 100 | Dormant |
| Semai Meranti Sdn Bhd | 28.01.1994 / Malaysia | 2,500,002.00 | 100 | Property development |
| Tristar Acres Sdn Bhd | 12.09.2007 / Malaysia | 2,500,002.00 | 100 | Property development |
| Tropika Istimewa Development Sdn Bhd | 30.03.2012 / Malaysia | 250,002.00 | 100 | Property development |
| **Subsidiary companies of Mah Sing Properties Sdn Bhd** | | | | |
| Acacia Springs Management Sdn Bhd | 06.07.1995 / Malaysia | 2.00 | 100 | Property management |
| Mestika Bistari Sdn Bhd | 28.02.1994 / Malaysia | 2,500,002.00 | 100 | Property development |

| Company | Date / Place of incorporation | Issued and paid-up share capital RM (unless stated otherwise) | Effective equity interest | Principal activities |
|---|---|---|---|---|
| | | | % | |
| Mestika Kenangan Sdn Bhd | 18.03.1997 / Malaysia | 2.00 | 100 | Property management |
| MS Icon Property Services Sdn Bhd | 29.09.2005 / Malaysia | 2.00 | 100 | Property management |
| Prima Peninsular Development Sdn Bhd | 20.04.2004 / Malaysia | 2.00 | 100 | Property management |
| Quantum Noble Development Sdn Bhd | 15.03.2005 / Malaysia | 2.00 | 100 | Property management |
| **Subsidiary company of Pleasant Network Sdn Bhd** | | | | |
| Vican Technology Sdn Bhd* | 23.01.1996 / Malaysia | 2,443,750.00 | 68 | Inactive |
| **Subsidiary company of Vican Technology Sdn Bhd** | | | | |
| Vican Electronics Sdn Bhd | 25.07.1994 / Malaysia | 600,000.00 | 68 | Inactive |
| **Subsidiary company of Vital Routes Sdn Bhd** | | | | |
| P.T. Mah Sing Indonesia | 21.12.1995 / Indonesia | USD 5,000,000.00 | 65 | Manufacture of plastic moulded products |
| **Subsidiary companies of Mah Sing International Ltd** | | | | |
| Mah Sing Vietnam Ltd | 10.08.2007 / British Virgin Islands | USD 1.00 | 100 | Dormant |
| Mah Sing Vina Ltd | 13.12.2007 / British Virgin Islands | USD 1.00 | 100 | Dormant |
| **Subsidiary company of Mah Sing Plastics Industries Sendirian Berhad** | | | | |
| Kenwira Sdn Bhd | 11.09.1995 / Malaysia | 100.00 | 100 | Assembly of helmets |
| **Associated Company** | | | | |
| Prestige Greenery Sdn Bhd | 13.12.1994 / Malaysia | 98,750.00 | 39.5 | Dormant |

***Note:***

* *This subsidiary company is under court winding-up and was deconsolidated from the Group's results since financial year 2000. The cost of investment in this subsidiary company had been fully provided for.*

## 6. PROFIT AND DIVIDEND RECORD

Our profit and dividend records based on our audited consolidated financial statements for the last 3 financial years from the FYE 31 December 2009 to 31 December 2011 and the unaudited consolidated interim financial statements for the 9-month FPE 30 September 2012 are set out below. Although our Group is also involved in the manufacture, assembly and sale of a range of plastic moulded products, this business segment had contributed only 4.5% of our Group's operating profits for the unaudited 9-month FPE 30 September 2012.

| | Audited FYE 31 December | | | Unaudited FPE 30 September |
|---|---|---|---|---|
| | **2009** | **2010** | **2011** | **2012** |
| | **RM 000** | **RM 000** | **RM 000** | **RM 000** |
| Revenue | 701,562 | 1,110,108 | 1,570,696 | 1,333,818 |
| Cost of sales | (514,384) | (791,763) | (1,138,700) | (948,070) |
| Gross profit | 187,178 | 318,345 | 431,996 | 385,748 |
| Other income | 48,017 | 2,209 | 10,952 | 20,524 |
| Selling and marketing expenses | (30,418) | (42,812) | (68,568) | (54,623) |
| Administrative expenses | (55,221) | (72,678) | (97,478) | (85,517) |
| Other operating expenses | (3,158) | (28,671) | (45,401) | (27,259) |
| Results from operating activities | 146,398 | 176,393 | 231,501 | 238,873 |
| Interest income | 461 | 4,103 | 10,166 | 5,836 |
| Finance costs | (2,616) | (2,631) | (3,039) | (1,470) |
| Profit before taxation | 144,243 | 177,865 | 238,628 | 243,239 |
| Income tax expense | (48,402) | (49,462) | (69,991) | (66,825) |
| **Profit after taxation** | **95,841** | **128,403** | **168,637** | **176,414** |
| **Earnings before interest, taxation, depreciation and amortisation** | 156,626 | 188,105 | 243,250 | 250,667 |
| **Attributable to:** | | | | |
| Equity holders of the Company (Profit after taxation and minority interest or "PATAMI") | 94,282 | 118,071 | 168,556 | 175,218 |
| Non-controlling interests | 1,559 | 10,332 | 81 | 1,196 |
| **Weighted average number of Mah Sing Shares in issue (000):** | | | | |
| - basic | 759,661 | 831,569 | 831,627 | 833,873 |
| - diluted | 760,483 | 832,072 | 853,767 | 846,708 |
| **EPS (sen):** | | | | |
| - basic | 12.41 | 14.20 | 20.27 | 21.01 |
| - diluted | 12.40 | 14.19 | 19.74 | 20.69 |
| **Dividend per share (net) (sen):** | | | | |
| - first and final dividend | 4.88 | 5.70 | 8.25 | n/a |
| **Profit margin:** | | | | |
| Gross profit margin (%) | 26.7 | 28.7 | 27.5 | 28.9 |
| Net profit margin (PATAMI) (%) | 13.4 | 10.6 | 10.7 | 13.1 |

## Commentary on Financial Performance

Unaudited 9-month FPE 30 September 2012 ("**FPE 30 September 2012**")

Our Group recorded strong revenue and net profit of RM1.3 billion and RM175.2 million for the FPE 30 September 2012. This represents improvement in revenue and net profit of 16% and 37% respectively over the corresponding period in the previous year. The increase in revenue was primarily contributed by our Group's property division. The stronger net profit margins were mainly attributable to improvements to gross profit margins, higher other income and lower other operating expenses. The improvements to gross profit margins was due to property mix, while the increase in other income was due to higher tenancies from our commercial buildings sold in FYE 31 December 2007 and 2009. Other operating expenses decreased as operating lease commitments in FPE 30 September 2012 were partly provided for in FYE 31 December 2011.

FYE 31 December 2011

Our Group delivered a solid performance in 2011 with new record highs for revenue, profit and sales. Revenue at RM1.57 billion and PATAMI at RM168.6 million represents 41% and 43% year-on-year ("**y-o-y**") growth compared to the previous year. The strong growth of PATAMI was achieved notwithstanding a non-recurring provision of RM11.8 million for future operating lease commitments on a commercial building successfully sold en-bloc in 2009. The decrease in gross profit margins was due to property mix. The increase in selling and marketing expenses were mainly due to the increase in marketing and promotional activities while the increase in other operating expenses were due to the said non-recurring provision and operating lease commitments on commercial buildings sold in FYE 31 December 2007 and 2009. Higher administrative expenses were a result of Options granted to employees pursuant to the ESOS of approximately RM7.5 million.

FYE 31 December 2010

For the financial year under review, our Group breached the RM1 billion mark by registering a revenue of RM1.1 billion, representing a 58% increase y-o-y. Correspondingly, our Group registered a 25% growth in PATAMI to RM118.1 million. The growth in PATAMI is achieved despite a one-off forfeiture income from sales of commercial building amounting to RM42.7 million which was recorded in the previous FYE 31 December 2009. The improved revenue and profit for the financial year is attributable to progressive recognition of development revenue and profit contribution from our property development activities carried out in Kuala Lumpur, the Klang Valley, Penang Island and Johor Bahru. The reduction in net profit margins was mainly due to other operating expenses which comprised mainly of operating lease commitments on commercial buildings sold in FYE 31 December 2007 and 2009.

FYE 31 December 2009

Our Group recorded improved PATAMI of RM94.3 million on the back of revenue of RM701.6 million for the FYE 31 December 2009. This represents a 1.2% year-on-year improvement in PATAMI compared to RM93.2 million for the previous financial year. The growth of PATAMI was partly achieved from a one-off forfeiture income from the sale of commercial building amounting to RM42.7 million which is accounted as other operating income. For the financial year under review, our Group's residential and commercial projects in Kuala Lumpur, the Klang Valley, Penang Island and Johor Bahru contributed to our commendable results despite operating in a challenging external and domestic environment.

## 7. HISTORICAL SHARE PRICES

The monthly high and low prices of Mah Sing Shares traded on the Main Market of Bursa Securities from February 2012 up to January 2013 are as follows:

| | High | Low |
|---|---|---|
| | RM | RM |
| **2012** | | |
| February | 2.22 | 2.06 |
| March | 2.30 | 2.03 |
| April | 2.09 | 1.94 |
| May | 2.07 | 1.85 |
| June | 2.19 | 1.94 |
| July | 2.24 | 2.03 |
| August | 2.47 | 2.23 |
| September | 2.42 | 1.99 |
| October | 2.40 | 2.00 |
| November | 2.32 | 2.20 |
| December | 2.30 | 2.06 |
| **2013** | | |
| January | 2.28 | 2.04 |

| | |
|---|---|
| Last transacted market price of Mah Sing Shares on 10 December 2012, being the last trading day prior to the date of announcement of amongst others, the Rights Issue with Warrants | 2.23 |
| Last transacted market price of Mah Sing Shares as at the LPD | 2.28 |
| Last transacted market price of Mah Sing Shares on 20 February 2013, being the last trading day prior to the ex-date for the Rights Issue with Warrants | 2.31 |

*(Source: Bloomberg (Malaysia) Sdn Bhd)*

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**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2011 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER**

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
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Damansara Uptown
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15 February 2013

The Board of Directors
Mah Sing Group Berhad
Penthouse Suite 1
Wisma Mah Sing
163 Jalan Sungai Besi
57100 Kuala Lumpur

Dear Sirs,

**MAH SING GROUP BERHAD AND ITS SUBSIDIARIES**
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

We report on the proforma consolidated statements of financial position of Mah Sing Group Berhad ("Mah Sing" or "Company") and its subsidiaries ("Group") as at 31 December 2011, together with the notes and assumptions thereon, as set out in the Abridged Prospectus to be dated 25 February 2013 (stamped by us for purpose of identification) in connection with the renounceable rights issue of up to 280,099,803 new ordinary shares of RM0.50 each in Mah Sing ("Mah Sing Shares") ("Rights Shares") together with up to 168,059,881 free detachable warrants ("Warrants") on the basis of 1 Rights Share for every 3 existing Mah Sing Shares held and 3 Warrants for every 5 Rights Shares subscribed for by entitled shareholders at an issue price of RM1.42 per Rights Share ("Rights Issue with Warrants") ("Abridged Prospectus").

**Responsibilities**

It is the responsibility solely of the Directors of Mah Sing to prepare the proforma consolidated statements of financial position of the Group on the basis set out in the notes and assumptions thereon in accordance with the requirements of the Prospectus Guidelines – Abridged Prospectus issued by the Securities Commission of Malaysia ("Prospectus Guidelines").

It is our responsibility to form an opinion on the proforma consolidated statements of financial position as required by the Prospectus Guidelines on the proforma consolidated statements of financial position.

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 statements of financial position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Deloitte.



**Basis of Opinion**

We conducted our work in accordance with the approved standard for assurance engagements in Malaysia, ISAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Our work, which involved no independent examination of any of the underlying financial information, consisted of comparing the audited consolidated statements of financial position in the accompanying statement with the audited consolidated statements of financial position of the Group as at 31 December 2011, considering the evidence supporting the adjustments and discussing the proforma consolidated statements of financial position with the Directors and management of the Group.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma consolidated statements of financial position have been properly prepared on the basis stated, using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated financial statements and accounting policies of the Group. Our work also involves assessing whether the adjustments made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing the proforma consolidated statements of financial position.

As the proforma consolidated statements of financial position have been prepared for illustrative purposes only, such information, because of its nature, may not give a true picture of the actual financial position and results of the Group. Further, such information does not purport to predict the future financial position and results of the Group.

**Opinion**

In our opinion:

(i) the proforma consolidated statements of financial position have been properly prepared on the basis set out in the notes and assumptions, using financial statements prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the consolidated financial statements and accounting policies of the Group for the financial year ended 31 December 2011; and

(ii) each material adjustment made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing such information.

**Deloitte.**

15 February 2013
Mah Sing Group Berhad
Page No 3

**Other matters**

This report is issued for the sole purpose for inclusion in the Abridged Prospectus to shareholders in connection with the abovementioned Rights Issue with Warrants. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly,

Deloitte KassimChan

Enclosure

Company No. 230149-P

MAH SING GROUP BERHAD

## PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stamped for the purpose of identification only with our letter/report dated

1 5 FEB 2013

Deloitte KassimChan
Kuala Lumpur/Petaling Jaya

| | Audited as at 31 December 2011 RM million | Proforma I Exercise of Options from 1 January 2012 to LPD RM million | Proforma II After I and the payment of cash material commitments and material land transaction RM million | Proforma III After II and the Rights Issue with Warrants RM million | Proforma IV After III and the Bonus Issue RM million | Proforma V After IV and the exercise of remaining Options and conversion of Convertible Bonds RM million | Proforma VI After V and assuming the full exercise of Warrants RM million |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Non-Current Assets** | | | | | | | |
| Property, plant and equipment | 85.3 | 85.3 | 94.7 | 94.7 | 94.7 | 94.7 | 94.7 |
| Prepaid lease payments | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Investment properties | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 |
| Land held for property development | 71.9 | 71.9 | 71.9 | 71.9 | 71.9 | 71.9 | 71.9 |
| Intangible assets | - | - | - | - | - | - | - |
| Invesment in subsidiaries | | | | | | | |
| Investment in associated company | | | | | | | |
| Deferred tax assets | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 |
| Total Non-Current Assets | 243.6 | 243.6 | 253.0 | 253.0 | 253.0 | 253.0 | 253.0 |
| **Current Assets** | | | | | | | |
| Property development cost | 1,536.1 | 1,536.1 | 1,833.6 | 1,833.6 | 1,833.6 | 1,833.6 | 1,833.6 |
| Inventories | 43.8 | 43.8 | 43.8 | 43.8 | 43.8 | 43.8 | 43.8 |
| Trade and other receivables | 355.6 | 355.6 | 355.6 | 355.6 | 355.6 | 355.6 | 355.6 |
| Current tax assets | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Deposits, cash and bank balances | 665.7 | 679.6 | 617.7 | 1,015.4 | 1,015.4 | 1,101.9 | 1,501.3 |
| Total Current Assets | 2,606.7 | 2,620.6 | 2,856.2 | 3,253.9 | 3,253.9 | 3,340.4 | 3,739.8 |
| **TOTAL ASSETS** | **2,850.3** | **2,864.2** | **3,109.2** | **3,506.9** | **3,506.9** | **3,593.4** | **3,992.8** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | | | |
| Share capital | | | | | | | |
| - Ordinary shares | 415.9 | 420.1 | 420.1 | 560.2 | 672.2 | 809.0 | 909.9 |
| Reserves | 29.4 | 26.2 | 26.2 | 26.2 | 26.2 | 3.8 | 3.8 |
| Warrant reserve | - | - | - | 63.9 | 63.9 | 63.9 | - |
| Share premium | 131.1 | 140.8 | 140.8 | 334.5 | 222.5 | 497.3 | 859.7 |
| Retained earnings | 496.8 | 500.0 | 500.0 | 500.0 | 500.0 | 470.9 | 470.9 |
| **Equity attributable to equity holders of the Company** | 1,073.2 | 1,087.1 | 1,087.1 | 1,484.8 | 1,484.8 | 1,844.9 | 2,244.3 |
| Non controlling interests | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 |
| **Total Equity** | 1,088.5 | 1,102.4 | 1,102.4 | 1,500.1 | 1,500.1 | 1,860.2 | 2,259.6 |
| **Non-Current Liabilities** | | | | | | | |
| Redeemable convertible securred bonds | 268.3 | 268.3 | 268.3 | 268.3 | 268.3 | - | - |
| Term loans | 666.4 | 666.4 | 911.4 | 911.4 | 911.4 | 911.4 | 911.4 |
| Long term and deferred payables | 12.4 | 12.4 | 12.4 | 12.4 | 12.4 | 12.4 | 12.4 |
| Deferred tax liabilities | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 1.6 | 1.6 |
| Total Non-Current Liabilities | 954.0 | 954.0 | 1,199.0 | 1,199.0 | 1,199.0 | 925.4 | 925.4 |
| **Current Liabilities** | | | | | | | |
| Trade and other payables | 736.2 | 736.2 | 736.2 | 736.2 | 736.2 | 736.2 | 736.2 |
| Term loans | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 |
| Short term borrowings | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Bank overdrafts | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Tax payables | 32.4 | 32.4 | 32.4 | 32.4 | 32.4 | 32.4 | 32.4 |
| Total Current Liabilities | 807.8 | 807.8 | 807.8 | 807.8 | 807.8 | 807.8 | 807.8 |
| **Total Liabilities** | 1,761.8 | 1,761.8 | 2,006.8 | 2,006.8 | 2,006.8 | 1,733.2 | 1,733.2 |
| **TOTAL EQUITY AND LIABILITIES** | **2,850.3** | **2,864.2** | **3,109.2** | **3,506.9** | **3,506.9** | **3,593.4** | **3,992.8** |
| Number of ordinary shares in issue (million) | 831.9 | 840.3 | 840.3 | 1,120.4 | 1,344.5 | 1,618.0 | 1,819.7 |
| Total deposits, cash and bank balances (RM million) | 665.7 | 679.6 | 617.7 | 1,015.4 | 1,015.4 | 1,101.9 | 1,501.3 |
| Total borrowings (RM million) | 977.6 | 977.6 | 1,222.6 | 1,222.6 | 1,222.6 | 954.3 | 954.3 |
| Net debt/(cash) (RM million) | 311.9 | 298.0 | 604.9 | 207.2 | 207.2 | (147.6) | (547.0) |
| NA per share (RM) | 1.29 | 1.29 | 1.29 | 1.33 | 1.10 | 1.14 | 1.23 |
| Gross gearing (times) | 0.90 | 0.89 | 1.11 | 0.82 | 0.82 | 0.51 | 0.42 |
| Net gearing (times) | 0.29 | 0.27 | 0.55 | 0.14 | 0.14 | (0.08) | (0.24) |

Company No. 230149-P

**MAH SING GROUP BERHAD**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

## 1 BASIS OF PREPARATION

The proforma consolidated statements of financial position have been prepared based on the audited financial statements of Mah Sing Group Berhad ("Mah Sing" or "the Company") and its subsidiary companies ("the Group") for the financial year ended 31 December 2011 in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

The proforma consolidated statements of financial position of the Group have been prepared for illustration purpose only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2011, had the adjustments described in Note 2 and the corporate exercise described in Note 3 been effected on that date, and should be read in conjunction with the notes thereto.

## 2 ADJUSTMENTS TO THE AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The audited consolidated statements of financial position as at 31 December 2011 of the Group has been adjusted for the following events which are relevant to the corporate exercise described in Note 3, for the period subsequent to the financial year ended 31 December 2011 and up to 31 January 2013, which is the latest practicable date prior to the printing of the Abridged Prospectus ("LPD"):

(a) the actual exercise of 8.4 million options under Mah Sing's employees share option scheme ("Options") and the lapsing of 2.4 million Options from 31 December 2011 to 31 January 2013.
(b) the assumption of payment of cash material commitments and material land transaction of RM306.9 million as at 31 January 2013 to be settled via RM245.0 million borrowings with the balance RM61.9 million being settled by internal generated funds.

## 3 THE CORPORATE EXERCISE

The proforma consolidated statements of financial position have been prepared to show the effects of Mah Sing's renounceable rights issue of up to 280,099,803 new ordinary shares of RM0.50 each in Mah Sing ("Mah Sing Shares") ("Rights Shares") together with up to 168,059,881 free detachable warrants ("Warrants") on the basis of 1 Rights Share for every 3 existing Mah Sing Shares held and 3 Warrants for every 5 Rights Shares subscribed for by entitled shareholders at an issue price of RM1.42 per Rights Share ("Rights Issue with Warrants").

It is also assumed that Mah Sing's remaining Options and 7-year RM325 million nominal value convertible secured bonds ("Convertible Bonds") are exercised and converted after the bonus issue of Mah Sing Shares which is to be credited as fully-paid up on the basis of 1 new Mah Sing Share for every 5 Mah Sing Shares held after the Rights Issue with Warrants ("Bonus Issue").

(Corporate Exercise, collectively refer to as Rights Issue with Warrants, the Bonus Issue and the Exemption)

## 4 UTILISATION OF PROCEEDS

The proceeds from the Rights Issue with Warrants will be utilised in the following manner:

| | Amount RM' million |
|---|---|
| Property development expenditure and future land acquisition [(1)] | 350.0 |
| General working capital of Mah Sing group | 42.7 |
| Estimated expenses in relation to the Corporate Exercise | 5.0 |
| **Total Gross Proceeds under the Rights Issue with Warrants [(2)]** | 397.7 |

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15 FEB 2013
Deloitte KassimChan
Kuala Lumpur/Petaling Jaya

*Notes:*

(1) *Property development expenditure shall include, amongst others, but is not limited to, contributions in respect of joint developments of land such as capital outlay and payment of landowners' entitlements, payments to contractors, suppliers and consultants and also contribution payments to the relevant authorities in respect of property development activities.*

*The proceeds from the Rights Issue with Warrants have not been earmarked for specific projects or parcels of land at this juncture to provide flexibility in determining the ultimate use of the proceeds while providing comfort to shareholders that the proceeds will largely be used for Mah Sing's core business in property development and future landbanking activities. Some of our notable property development projects include SouthVille City in Bangi, M Residence and M Residence 2 in Rawang, Icon City in Petaling Jaya, M City in Jalan Ampang, Garden Plaza and Garden Residence in Cyberjaya, Ferringhi Residence and Southbay Plaza @ Southbay City in Penang, Meridin @ Medini, Mah Sing i-Parc @ Iskandar in Johor Bahru and Sutera Avenue in Kota Kinabalu.*

(2) *Any difference between the actual gross proceeds to be raised and the Total Gross Proceeds or any deviation of the actual expenses in relation to the Corporate Exercise will be correspondingly adjusted against the amount allocated for the general working capital requirements of the Group.*

The gross proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. The gross proceeds to be raised from the exercise of Warrants will be utilised for working capital as and when required, whenever the Warrants are exercised over the 5-years tenure of the Warrants.

## 5 PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assuming all of the outstanding convertible securities as at 31 January 2013, being the Options and Convertible Bonds, are exercised and converted after the Rights Issue with Warrants and the Bonus Issue.

**Proforma I**

Proforma I incorporates the actual exercise of 8.4 million Options from 1 January 2012 to 31 January 2013, of which 0.008 million Options were exercised at an exercise price of RM0.64 and remaining at an exercise price of RM1.65. Proforma I also incorporates the lapsing of 2.4 million Options from 31 December 2011 to 31 January 2013.

The exercise of Options from 1 January 2012 to 31 January 2013 will have the following impact on the proforma consolidated statements of financial position:

| | Increase/(Decrease) | |
|---|---|---|
| | **Effects on Total Assets RM' million** | **Effects on Total Equity and Liabilities RM' million** |
| Deposits, cash and bank balances | 13.9 | - |
| Share capital - ordinary shares | - | 4.2 |
| Share premium | - | 9.7 |
| Reserves | - | (3.2) |
| Retained earnings | - | 3.2 |

The reclassification from reserves to retained earnings of RM3.2 million, being the equity-settled employees benefit reserve, which arises from the exercise of 8.4 million Options (RM2.5 million) and the lapsing of RM2.4 million Options (RM0.7 million) from 31 December 2011 to 31 January 2013.

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1 5 FEB 2013

Deloitte KassimChan
Kuala Lumpur/Petaling Jaya

**Proforma II**

Proforma II incorporates Proforma I and assuming the payment of cash material commitments and material land transaction of RM306.9 million as at 31 January 2013, consisting of, amongst others, an amount of RM297.5 million payable for partial consideration for the acquisition of a piece of land in Bandar Baru Bangi. The said cash material commitments and material land transaction is assumed to be paid via RM245.0 million borrowings (as part payment for the land in Bandar Baru Bangi) with the balance RM61.9 million being satisfied by internal generated funds.

The payment of cash material commitments and material land transaction will have the following impact on the proforma consolidated statements of financial position:

| | Increase/(Decrease) Effects on Total Assets RM' million | Effects on Total Equity and Liabilities RM' million |
|---|---|---|
| Property, plant and equipment | 9.4 | - |
| Property development cost | 297.5 | - |
| Deposits, cash and bank balances | (61.9) | - |
| Term loans | - | 245.0 |

**Proforma III**

Proforma III incorporates Proforma II and the effects of the Rights Issue with Warrants. Based on the 840.3 million Mah Sing Shares in issue as at 31 January 2013 a total of 280.1 million Rights Shares and 168.1 million Warrants will be issued. For illustration purposes, the Warrants are assumed to have a fair value of RM0.38 each based on the Black-Scholes Model.

The Rights Issue with Warrants will have the following impact on the proforma consolidated statements of financial position:

| | Increase/(Decrease) Effects on Total Assets RM' million | Effects on Total Equity RM' million |
|---|---|---|
| Deposits, cash and bank balances | 397.7 | - |
| Share capital - ordinary shares | - | 140.1 |
| Warrant reserve | - | 63.9 |
| Share premium | - | 193.7 |

The proforma has not taken into consideration any expenses in relation to the Rights Issue with Warrants and the Bonus Issue, which may be deducted against the share premium arising from the issuance of the Rights Shares.

**Proforma IV**

Proforma IV incorporates Proforma IIII and the effects of Bonus Issue. Based on the illustration in Proforma III, a total of 224.1 million Bonus Shares will be issued.

The Bonus Issue will have the following impact on the proforma consolidated statements of financial position:

| | Increase/(Decrease) Effects on Total Assets RM' million | Effects on Total Equity RM' million |
|---|---|---|
| Share capital - ordinary shares | - | 112.0 |
| Share premium | - | (112.0) |

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Kuala Lumpur/Petaling Jaya

**Proforma V**

Proforma V incorporates Proforma IV and assuming the exercise of the remaining Options and conversion of Convertible Bonds. In accordance to the terms of the by-laws for Options and trust deed for the Convertible Bonds ("Governing Documents"), the exercise price and the corresponding number of convertible securities (comprising the Options and Convertible Bonds) and the resultant Mah Sing Shares will be adjusted consequent to the Rights Issue with Warrants and the Bonus Issue and the combined adjustment factor of 0.7559, which has been reviewed by Deloitte KassimChan to be in accordance to the terms of the Governing Documents, is adopted to such effects. The assumed transactions are as follows:

(i) The exercise of 66.5 million Options outstanding as at 31 January 2013 into 66.5 million Mah Sing Shares at a blended exercise price of RM1.30 each. The Options are adjusted from 50.3 million to 66.5 million while the exercise price from RM1.72 to RM1.30.

(ii) The conversion of Convertible Bonds outstanding as at 31 January 2013 into 207.0 million new Mah Sing Shares at a conversion price of RM1.57. The conversion price is adjusted from RM2.09 to RM1.57 resulting in the number of new Mah Sing Shares to be issued from the Convertible Bonds to increase from 155.5 million to 207.0 million.

The exercise of Options and conversion of Convertible Bonds outstanding as at 31 January 2013 will have the following impact on the proforma consolidated statements of financial position:

| | **Increase/(Decrease)** | |
|---|---|---|
| | **Effects on Total Assets** | **Effects on Total Equity** |
| | **RM' million** | **RM' million** |
| Deposits, cash and bank balances | 86.5 | - |
| Share capital - ordinary shares | - | 136.8 |
| Reserves | - | (22.4) |
| Share premium | - | 274.8 |
| Retained earnings | - | (29.1) |
| Redeemable convertible secured bonds | - | (268.3) |
| Deferred tax liabilities | - | (5.3) |

The adjustments include the following:

(i) the reclassification from other reserves to retained earnings of RM5.3 million, being the remaining equity-settled employees benefit reserve;

(ii) the charge of unaccrued interest expense on the Convertible Bonds of RM56.7 million to retained earnings;

(iii) the reclassification from other reserves to retained earnings of RM17.1 million, being the equity component of the Convertible Bonds;

(iv) the reversal of deferred tax liabilities arising from the Convertible Bonds of RM5.3 million to profit or loss statement; and

(v) the reduction of RM268.3 million, being the liability component of the Convertible Bonds, from borrowings and the increase in share capital and share premium of RM103.5 million and RM221.5 million respectively.

**Proforma VI**

Proforma VI incorporates Proforma V and assuming the exercise of 201.7 million Warrants into 201.7 million Mah Sing Shares at an exercise price of RM1.98 per Warrant. In accordance with the Deed Pool for the Warrants, the number of Warrants and exercise price may be adjusted consequent to a bonus issue. For illustration purposes, an adjustment factor of 5/6 or 0.8333, which has been reviewed by Deloitte KassimChan to be in accordance to the terms of the Governing Documents, is adopted to illustrate the effect of the Bonus Issue and the number of Warrants are adjusted from 168.1 million to 201.7 million while the exercise price from RM2.38 to RM1.98.

The full exercise of Warrants will have the following impact on the proforma consolidated statements of financial position:

| | **Increase/(Decrease)** | |
|---|---|---|
| | **Effects on Total Assets** | **Effects on Total Equity** |
| | **RM' million** | **RM' million** |
| Deposits, cash and bank balances | 399.4 | - |
| Share capital - ordinary shares | - | 100.9 |
| Warrant reserve | - | (63.9) |
| Share premium | - | 362.4 |

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15 FEB 2013

Deloitte KassimChan
Kuala Lumpur/Petaling Jaya

## 6 MOVEMENTS IN CASH AND BANK BALANCES AND SHARE CAPITAL AND RESERVES

**Movement in deposits, cash and bank balances**

| | **RM' million** |
|---|---|
| Audited as at 31 December 2011 | 665.7 |
| Proforma I | |
| Arising from the exercise of Options from 1 January 2012 to 31 January 2013 | 13.9 |
| | 679.6 |
| Proforma II | |
| Arising from the payment of cash material commitments and material land transactions | (61.9) |
| | 617.7 |
| Proforma III | |
| Arising from the Rights Issue with Warrants | 397.7 |
| | 1,015.4 |
| Proforma IV | |
| Arising from Bonus Issue | - |
| | 1,015.4 |
| Proforma V | |
| Arising from the exercise of remaining Options and conversion of Convertible Bonds | 86.5 |
| | 1,101.9 |
| Proforma VI | |
| Arising from assuming the full exercise of Warrants | 399.4 |
| | 1,501.3 |

# MAH SING GROUP BERHAD
(Incorporated in Malaysia)

## REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Company No. 230149-P

**MAH SING GROUP BERHAD**
(Incorporated in Malaysia)

## FINANCIAL STATEMENTS

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**MAH SING GROUP BERHAD**
(Incorporated in Malaysia)

## DIRECTORS' REPORT

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiary companies in the Group. The principal activities of the subsidiary companies are set out in Note 18 to the Financial Statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

## RESULTS

The results of the Group and of the Company for the financial year are as follows:

| | The Group RM'000 | The Company RM'000 |
|---|---|---|
| Profit attributable to: | | |
| Equity holders of the Company | 168,556 | 87,047 |
| Non-controlling interests | 81 | - |
| | 168,637 | 87,047 |

In the opinion of the Directors, the results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

On 28 September 2011, the Company paid a first and final gross dividend of 7.6 sen per ordinary shares of RM0.50 each, less income tax of 25%, amounting to RM47,399,424 in respect of the financial year ended 31 December 2010 as approved by the shareholders at the last Annual General Meeting.

The Directors have proposed a first and final gross dividend of 11.0 sen per ordinary shares of RM0.50 each, less income tax of 25%, in respect of the current financial year. The proposed first and final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements for the current financial year. Such dividend when approved by shareholders will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2012.

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL

During the financial year, the Company issued 303,300 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at the exercise price of RM1.65 per ordinary share. The resulting premium arising from the shares issued of RM348,795 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

## ISSUE OF REDEEMABLE CONVERTIBLE SECURED BONDS

During the financial year, the Company issued a 7-year RM325 million nominal value of 3.25% redeemable convertible secured bonds ("the Bonds"). The salient features of the Bonds are *inter-alia* as follows:

(i) The Bonds may be redeemed on the 5th anniversary of the issue date (10 June 2016) in whole or in part by cash and in one lump sum at par;

(ii) All or any part of the Bonds are convertible at a conversion price of RM2.09, into fully paid new shares of the Company at any time between issuance up to the maturity date;

(iii) Unless previously redeemed, converted, purchased and cancelled, the Bonds will be redeemed on the maturity date on 8 June 2018 by cash and in one lump sum at par;

(iv) Coupon is at 3.25% per annum based on the nominal value of Bonds outstanding and is payable semi-annually in arrears; and

(v) The Bonds are secured by *inter-alia*, legal charges over development land of the Group and deposits with licensed bank as disclosed in Notes 20 and 23 to the financial statements.

**EMPLOYEES' SHARE OPTION SCHEME**

At the Extraordinary General Meeting held on 8 March 2004, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS" or "Scheme") which is governed by the ESOS By-Laws ("By-Laws").

The salient features of the ESOS are *inter alia* as follows:

(a) The ESOS was implemented on 12 July 2004 and was in force for a period of 5 years ("Initial Period"). On 10 July 2009, the ESOS was extended for another 5 years up to 10 July 2014 in accordance with the terms of the ESOS By-Laws;

(b) The total number of new shares to be offered pursuant to the exercise of options granted under the ESOS ("Option") shall be subject to a maximum of 10% of the Company's issued and paid-up share capital at the time of the offer;

(c) Employees (including Executive Directors) of the Company or its subsidiary companies (other than dormant subsidiaries) shall be eligible to participate in the ESOS, if as at the date of offer, the employee:

    (i) has attained the age of eighteen (18) years;
    (ii) is employed full-time by and on the payroll of the Company or its subsidiary companies; and
    (iii) is a confirmed employee of the Company or its subsidiary companies.

    The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the ESOS shall be approved by the shareholders of the Company in a general meeting;

(d) The price payable upon exercise of an Option shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than 10%, or at the par value of the Company's share, whichever is higher;

(e) Subject to any adjustments which may be made pursuant to the By-Laws, the maximum number of new shares that may be offered to an eligible employee shall be determined at the discretion of the Option Committee after taking into consideration the performance, seniority and length of service of the eligible employees, subject to the following:

   (i) not more than fifty per cent (50%) of the new shares available under the Scheme should be allocated, in aggregate, to the Executive Directors and senior management of the Group; and
   (ii) not more than ten per cent (10%) of the new shares available under the Scheme should be allocated to any eligible employee, who either singly or collectively through his or her associates, holds twenty per cent (20%) or more in the issued and paid-up capital of the Company.

(f) The new ordinary shares to be issued upon exercise of the Options shall, upon allotment and issue, rank pari passu with the then existing ordinary shares, except that they will not be entitled to any dividends, rights, allotments and/or other distributions declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Options; and

(g) The exercise price and the number of new ordinary shares comprised in the Options are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the By-Laws. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company.

The movements in the Company's Options are as follows:

| **Unit '000** | | **Number of options over ordinary shares of RM0.50 each** | | | | |
|---|---|---|---|---|---|---|
| **Offer Date** | **Exercise price** | **At 1.1.2011** | **Granted** | **Exercised** | **Lapsed** | **At 31.12.2011** |
| 9 Jun 2006 | 0.64 | 54 | - | - | (3) | 51 |
| 25 Nov 2010 | 1.65 | 50,777 | - | (288) | (2,761) | 47,728 |
| 6 Dec 2010 | 1.65 | 620 | - | (15) | - | 605 |
| | | 51,451 | - | (303) | (2,764) | 48,384 |

## OTHER STATUTORY INFORMATION

Before the income statements, statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

## DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Jen. Tan Sri Yaacob bin Mat Zain (R)
Tan Sri Dato' Sri Leong Hoy Kum
Ng Poh Seng
Lim Kiu Hock
Leong Yuet Mei
Captain Izaham bin Abd. Rani (R)
Loh Kok Leong

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors who held office at the end of the financial year in the ordinary shares and options over ordinary shares of the Company is as follows:

**(a) Shares in the Company**

| **Unit '000** | **Number of ordinary shares of RM0.50 each** | | | |
|---|---|---|---|---|
| | **Balance at 1.1.2011** | **Acquired** | **Sold** | **Balance at 31.12.2011** |
| **Indirect interest** | | | | |
| Jen. Tan Sri Yaacob bin Mat Zain (R) * | 25 | - | - | 25 |
| Tan Sri Dato' Sri Leong Hoy Kum ** | 288,981 | 4,000 | - | 292,981 |
| Leong Yuet Mei* | 157 | 15 | - | 172 |

* Deemed interested by virtue of shareholding of family member(s)

** Deemed interested by virtue of shareholding of Mayang Teratai Sdn Bhd and his family member(s)

By virtue of Tan Sri Dato' Sri Leong Hoy Kum having an indirect interest of more than 15% of the shares in the Company, he is deemed to have interests in the shares of all the Company's subsidiaries to the extent the Company has an interest.

**(b) Options Pursuant to ESOS**

| Unit '000 | Number of option over ordinary shares of RM0.50 each | | | | |
|---|---|---|---|---|---|
| | Exercise Price RM | Balance at 1.1.2011 | Granted | Exercised | Balance at 31.12.2011 |
| **Direct interest** | | | | | |
| Tan Sri Dato' Sri Leong Hoy Kum | 1.65 | 4,800 | - | - | 4,800 |
| Ng Poh Seng | 1.65 | 3,000 | - | - | 3000 |
| Lim Kiu Hock | 1.65 | 3,000 | - | - | 3000 |
| **Indirect interest** | | | | | |
| Tan Sri Dato' Sri Leong Hoy Kum* | 1.65 | 2,500 | - | - | 2,500 |
| Leong Yuet Mei* | 1.65 | 120 | - | (15) | 105 |

* Deemed interested by virtue of shareholding of family member(s)

None of the other Directors in office at the end of the financial year held any interest in the shares and options over ordinary shares of the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the fees, other emoluments and benefits-in-kind as shown in Note 40 to the Financial Statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except for those benefits which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business by the Company and its subsidiary companies with the Directors or the companies in which the Directors are deemed to have substantial financial interests as disclosed in Note 40 to the Financial Statements.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate other than the aforementioned ESOS entitlements to subscribe for new ordinary shares.

**AUDITORS**

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

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

**JEN. TAN SRI YAACOB BIN MAT ZAIN (R)**
Chairman

**TAN SRI DATO' SRI LEONG HOY KUM**
Managing Director

Kuala Lumpur
28 February 2012

Company No. 230149-P

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
Level 19, Uptown 1
Damansara Uptown
1, Jalan SS21/58
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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## MAH SING GROUP BERHAD

(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the financial statements of **MAH SING GROUP BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 December 2011 and the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 109.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

*Auditors' Responsibility*

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

(Forward)

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

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

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as disclosed in Note 18 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiary companies that have been consolidated in the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174 (3) of the Act.

(Forward)

**Other Reporting Responsibilities**

The supplementary information set out in Note 43 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

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

Deloitte Kassimchan

**DELOITTE KASSIMCHAN**
**AF 0080**
**Chartered Accountants**

**KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN**
**Partner – 2903/11/13(J)**
**Chartered Accountant**

28 February 2012

Company No. 230149-P

**MAH SING GROUP BERHAD**
(Incorporated in Malaysia)

## INCOME STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2011** | 2010 | **2011** | 2010 |
| | Note | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Revenue | 5 | **1,570,696** | 1,110,108 | **138,306** | 36,977 |
| Cost of sales | 6 | **(1,138,700)** | (791,763) | **-** | - |
| **Gross profit** | | **431,996** | 318,345 | **138,306** | 36,977 |
| Other income | | **10,952** | 2,209 | **2,729** | - |
| Selling and marketing expenses | | **(68,568)** | (42,812) | **-** | - |
| Administrative expenses | | **(97,478)** | (72,678) | **(26,487)** | (28,740) |
| Other operating expenses | | **(45,401)** | (28,671) | **-** | - |
| **Results from operating activities** | | **231,501** | 176,393 | **114,548** | 8,237 |
| Interest income | 9 | **10,166** | 4,103 | **-** | - |
| Finance costs | 10 | **(3,039)** | (2,631) | **(21,525)** | (3,806) |
| **Net finance income/(costs)** | | **7,127** | 1,472 | **(21,525)** | (3,806) |
| **Profit before tax** | 7 | **238,628** | 177,865 | **93,023** | 4,431 |
| Income tax expense | 11 | **(69,991)** | (49,462) | **(5,976)** | (1,673) |
| **Profit for the year** | | **168,637** | 128,403 | **87,047** | 2,758 |
| **Attributable to:** | | | | | |
| Equity holders of the Company | | **168,556** | 118,071 | | |
| Non-controlling interests | | **81** | 10,332 | | |
| | | **168,637** | 128,403 | | |
| Earnings per ordinary share (sen): | | | | | |
| - Basic | 12(a) | **20.27** | 14.20 | | |
| - Diluted | 12(b) | **19.74** | 14.19 | | |
| Gross dividend per ordinary share (Proposed) | | | | | |
| - sen | 13 | **11.0** | 7.6 | **11.0** | 7.6 |

The accompanying Notes form an integral part of the Financial Statements.

Company No. 230149-P

**MAH SING GROUP BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Profit for the year** | **168,637** | 128,403 | **87,047** | 2,758 |
| **Other comprehensive income** | | | | |
| Foreign currency translation difference for foreign operations | **8,357** | (9,695) | **-** | - |
| **Total comprehensive income for the year** | **176,994** | 118,708 | **87,047** | 2,758 |
| **Attributable to:** | | | | |
| Equity holders of the Company | **176,546** | 109,087 | **87,047** | 2,758 |
| Non-controlling interests | **448** | 9,621 | **-** | - |
| | **176,994** | 118,708 | **87,047** | 2,758 |

The accompanying Notes form an integral part of the Financial Statements.

**MAH SING GROUP BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

| | | The Group | | | The Company | |
|---|---|---|---|---|---|---|
| | | **31.12.2011** | 31.12.2010 Restated | 1.1.2010 Restated | **31.12.2011** | 31.12.2010 |
| | **Note** | **RM'000** | RM'000 | RM'000 | **RM'000** | RM'000 |
| **ASSETS** | | | | | | |
| **Non-current Assets** | | | | | | |
| Property, plant and equipment | 14 | **85,325** | 66,070 | 60,982 | **929** | 905 |
| Prepaid lease payments | 15 | **2,890** | 3,149 | 3,701 | **-** | - |
| Investment properties | 16 | **56,076** | 30,609 | - | **-** | - |
| Land held for property development | 20 | **71,869** | 62,889 | 47,099 | **-** | - |
| Intangible assets | 17 | **70** | 70 | 4 | **-** | - |
| Investment in subsidiaries | 18 | **-** | - | - | **106,555** | 102,555 |
| Investment in associated company | 19 | **-** | - | - | **-** | - |
| Deferred tax assets | 30 | **27,457** | 6,864 | - | **-** | - |
| | | **243,687** | 169,651 | 111,786 | **107,484** | 103,460 |
| **Current Assets** | | | | | | |
| Property development costs | 20 | **1,536,097** | 1,251,829 | 884,871 | **-** | - |
| Inventories | 21 | **43,781** | 33,183 | 29,947 | **-** | - |
| Trade and other receivables | 22 | **355,570** | 426,083 | 180,815 | **789,920** | 752,895 |
| Current tax assets | | **5,529** | 5,853 | 5,899 | **3,236** | 2,866 |
| Deposits, cash and bank balances | 23 | **665,717** | 308,647 | 396,626 | **381,013** | 71,201 |
| | | **2,606,694** | 2,025,595 | 1,498,158 | **1,174,169** | 826,962 |
| **TOTAL ASSETS** | | **2,850,381** | 2,195,246 | 1,609,944 | **1,281,653** | 930,422 |

(Forward)

| | | The Group | | | The Company | |
|---|---|---|---|---|---|---|
| | | **31.12.2011** | 31.12.2010 Restated | 1.1.2010 Restated | **31.12.2011** | 31.12.2010 |
| | **Note** | **RM'000** | RM'000 | RM'000 | **RM'000** | RM'000 |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Capital and Reserves** | | | | | | |
| Share capital | 24 | **415,936** | 415,784 | 346,487 | **415,936** | 415,784 |
| Reserves | 25 | **160,449** | 127,532 | 205,153 | **156,681** | 131,754 |
| Retained earnings | 26 | **496,766** | 375,550 | 295,970 | **100,219** | 60,512 |
| Equity attributable to equity holders of the Company | | **1,073,151** | 918,866 | 847,610 | **672,836** | 608,050 |
| Non-controlling interests | | **15,338** | 17,590 | 7,969 | - | - |
| **Total Equity** | | **1,088,489** | 936,456 | 855,579 | **672,836** | 608,050 |
| **Non-current Liabilities** | | | | | | |
| Redeemable convertible secured bonds | 27 | **268,298** | - | - | **268,298** | - |
| Term loans | 28 | **666,508** | 368,531 | 141,466 | - | 10,613 |
| Long-term and deferred payables | 29 | **12,364** | 4,191 | 19,340 | - | - |
| Deferred tax liabilities | 30 | **6,888** | 1,838 | 1,807 | **5,507** | 197 |
| | | **954,058** | 374,560 | 162,613 | **273,805** | 10,810 |
| **Current Liabilities** | | | | | | |
| Trade and other payables | 31 | **736,237** | 728,411 | 499,721 | **326,801** | 243,075 |
| Term loans | 28 | **34,981** | 73,019 | 66,358 | **8,211** | 12,487 |
| Short-term borrowings | 32 | **4,022** | 61,670 | 7,350 | - | 56,000 |
| Bank overdrafts | 33 | **150** | 74 | 705 | - | - |
| Tax payables | | **32,444** | 21,056 | 17,618 | - | - |
| | | **807,834** | 884,230 | 591,752 | **335,012** | 311,562 |
| **Total Liabilities** | | **1,761,892** | 1,258,790 | 754,365 | **608,817** | 322,372 |
| **TOTAL EQUITY AND LIABILITIES** | | **2,850,381** | 2,195,246 | 1,609,944 | **1,281,653** | 930,422 |

The accompanying Notes form an integral part of the Financial Statements.

Company No. 230149-P

MAH SING GROUP BERHAD
(Incorporated in Malaysia)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

| | | Non-distributable reserves | | | | | Distributable reserves | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RM'000 | Share premium RM'000 | Equity-settled employees benefit reserve RM'000 | Exchange fluctuation reserve RM'000 | Equity Component of convertible bonds RM'000 | Retained earnings RM'000 | Attributable to equity holders of the Company RM'000 | Non-controlling interests RM'000 | Total RM'000 |
| At 1 January 2011 | | 415,784 | 130,752 | 1,002 | (4,222) | - | 375,550 | 918,866 | 17,590 | 936,456 |
| Profit for the year | | - | - | - | - | - | 168,556 | 168,556 | 81 | 168,637 |
| Other comprehensive income | | - | - | - | 7,990 | - | - | 7,990 | 367 | 8,357 |
| Total comprehensive income for the year | | - | - | - | 7,990 | - | 168,556 | 176,546 | 448 | 176,994 |
| Dividends | 13 | - | - | - | - | - | (47,399) | (47,399) | (2,700) | (50,099) |
| Recognition of share-based payment | | - | - | 7,508 | - | - | - | 7,508 | - | 7,508 |
| Issuance of ordinary shares pursuant to ESOS exercised | | 152 | 349 | (59) | - | - | 59 | 501 | - | 501 |
| Issuance of convertible bonds | 27 | - | - | - | - | 17,129 | - | 17,129 | - | 17,129 |
| At 31 December 2011 | | 415,936 | 131,101 | 8,451 | 3,768 | 17,129 | 496,766 | 1,073,151 | 15,338 | 1,088,489 |

(Forward)

| | Note | Share capital RM'000 | Share premium RM'000 | Equity-settled employees benefit reserve RM'000 | Exchange fluctuation reserve RM'000 | Retained earnings RM'000 | Attributable to equity holders of the Company RM'000 | Non-controlling interests RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable reserves | | | Distributable reserves | | | |
| **At 1 January 2010** | | 346,487 | 200,369 | 22 | 4,762 | 295,970 | 847,610 | 7,969 | 855,579 |
| Profit for the year | | - | - | - | - | 118,071 | 118,071 | 10,332 | 128,403 |
| Other comprehensive income | | - | - | - | (8,984) | - | (8,984) | (711) | (9,695) |
| Total comprehensive income for the year | | - | - | - | (8,984) | 118,071 | 109,087 | 9,621 | 118,708 |
| Dividends | 13 | - | - | - | - | (40,539) | (40,539) | - | (40,539) |
| Bonus Issue | 24 | 69,297 | (69,297) | - | - | - | - | - | - |
| Expenses set off against share premium | | - | (320) | - | - | - | (320) | - | (320) |
| Pre-acquisition profits arising from additional interest acquired in a subsidiary company | | - | - | - | - | 2,048 | 2,048 | - | 2,048 |
| Recognition of share-based payment | | - | - | 980 | - | - | 980 | - | 980 |
| **At 31 December 2010** | | 415,784 | 130,752 | 1,002 | (4,222) | 375,550 | 918,866 | 17,590 | 936,456 |

(Forward)

MAH SING GROUP BERHAD
(Incorporated in Malaysia)

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

| | | Non-distributable reserves | | | | Distributable reserve | |
|---|---|---|---|---|---|---|---|
| | Note | Share capital RM'000 | Share premium RM'000 | Equity-settled employees benefit reserve RM'000 | Equity component of convertible bonds RM'000 | Retained earnings RM'000 | Total RM'000 |
| At 1 January 2011 | | 415,784 | 130,752 | 1,002 | - | 60,512 | 608,050 |
| Profit for the year | | - | - | - | - | 87,047 | 87,047 |
| Other comprehensive income | | - | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | - | 87,047 | 87,047 |
| Dividends | 13 | - | - | - | - | (47,399) | (47,399) |
| Recognition of share-based payment | | - | - | 7,508 | - | - | 7,508 |
| Issuance of ordinary shares pursuant to ESOS exercised | | 152 | 349 | (59) | - | 59 | 501 |
| Issuance of convertible bonds | 27 | - | - | - | 17,129 | - | 17,129 |
| At 31 December 2011 | | 415,936 | 131,101 | 8,451 | 17,129 | 100,219 | 672,836 |

(Forward)

| | Note | Non-distributable reserves | | | Distributable reserve | |
|---|---|---|---|---|---|---|
| | | Share capital RM'000 | Share premium RM'000 | Equity-settled employees benefit reserve RM'000 | Retained earnings RM'000 | Total RM'000 |
| **At 1 January 2010** | | 346,487 | 200,369 | 22 | 98,293 | 645,171 |
| Profit for the year | | - | - | - | 2,758 | 2,758 |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | 2,758 | 2,758 |
| Dividends | 13 | - | - | - | (40,539) | (40,539) |
| Bonus issue | 24 | 69,297 | (69,297) | - | - | - |
| Expenses set off against share premium | | - | (320) | - | - | (320) |
| Recognition of share-based payment | | - | - | 980 | - | 980 |
| **At 31 December 2010** | | 415,784 | 130,752 | 1,002 | 60,512 | 608,050 |

The accompanying Notes form an integral part of the Financial Statements.

**MAH SING GROUP BERHAD**
(Incorporated in Malaysia)

## STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 Restated | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Operating activities** | | | | |
| Profit before tax | **238,628** | 177,865 | **93,023** | 4,431 |
| **Adjustments for:** | | | | |
| Allowance for doubtful debts | **76** | 77 | **-** | 70 |
| Allowance for slow-moving inventories | **26** | 462 | **-** | - |
| Amortisation of license fee | **-** | 4 | **-** | - |
| Amortisation of prepaid lease payments | **314** | 314 | **-** | - |
| Amortised cost adjustments | **1,454** | (693) | **-** | - |
| Depreciation of property, plant and equipment | **11,435** | 11,394 | **104** | 94 |
| Dividend income | **-** | - | **(100,718)** | (22,000) |
| Finance costs | **12,851** | 9,792 | **21,525** | 3,806 |
| (Gain)/Loss on disposal of property, plant and equipment | **(315)** | 98 | **-** | - |
| Interest income | **(14,541)** | (6,191) | **(37,460)** | (14,852) |
| Share-based payment | **7,508** | 980 | **2,402** | 308 |
| Property, plant and equipment written off | **55** | 116 | **-** | - |
| Provision for future operating lease commitment | **11,800** | - | **-** | - |
| Provision for post-employment benefits | **737** | 605 | **-** | - |
| Reversal of allowance for inventories | **(81)** | - | **-** | - |
| Reversal of impairment loss for subsidiary | **-** | - | **-** | (250) |
| Reversal of impairment loss on property, plant and equipment | **(6)** | (9) | **-** | - |
| Unrealised foreign exchange differences | **4,617** | 3,069 | **(2,729)** | 9,969 |
| **Operating cash flows before changes in working capital** | **274,558** | 197,883 | **(23,853)** | (18,424) |

(Forward)

| | The Group 2011 RM'000 | The Group 2010 Restated RM'000 | The Company 2011 RM'000 | The Company 2010 RM'000 |
|---|---|---|---|---|
| **Changes in working capital** | | | | |
| Change in property development costs | **(453,465)** | (460,067) | - | - |
| Change in inventories | **(10,543)** | (3,699) | - | - |
| Change in receivables | **42,098** | (210,618) | **36,837** | 10,919 |
| Change in payables | **203,826** | 242,523 | **(6,662)** | 716 |
| Total changes in working capital | **(218,084)** | (431,861) | **30,175** | 11,635 |
| **Cash flow generated from/(used in) operation** | **56,474** | (233,978) | **6,322** | (6,789) |
| Interest received | **14,208** | 3,296 | **4,375** | 2,088 |
| Interest paid | **(28,460)** | (18,741) | **(2,822)** | (1,322) |
| Income tax (paid)/refund | **(79,588)** | (53,039) | **(1,121)** | 1,591 |
| **Net cash (used in)/generated from operating activities** | **(37,366)** | (302,462) | **6,754** | (4,432) |
| **Investing activities** | | | | |
| Additions to investment properties | **(4,024)** | - | - | - |
| Additions to land held for property development | **(8,980)** | - | - | - |
| Dividends received | - | - | **95,021** | 19,250 |
| Net advances from/(to) subsidiaries | - | - | **55,994** | (164,112) |
| Payment for acquisition of property, plant and equipment * | **(28,484)** | (18,051) | **(128)** | (58) |
| Proceeds from disposal of property, plant and equipment | **780** | 88 | - | - |
| Payment of balance of equity in a subsidiary | **(7,420)** | (1,380) | **(7,420)** | (1,380) |
| Subscription of shares in subsidiary companies | - | - | **(4,000)** | (21,850) |
| **Net cash (used in)/generated from investing activities** | **(48,128)** | (19,343) | **139,467** | (168,150) |

(Forward)

| | Note | The Group 2011 RM'000 | The Group 2010 Restated RM'000 | The Company 2011 RM'000 | The Company 2010 RM'000 |
|---|---|---|---|---|---|
| **Financing activities** | | | | | |
| Dividends paid | | **(47,399)** | (40,539) | **(47,399)** | (40,539) |
| Dividends paid to non-controlling shareholders | | **(2,700)** | - | - | - |
| Repayment of non-controlling shareholders' advances | | - | (1,614) | - | - |
| Withdrawal/(Placement) of deposits pledged with licensed bank as collateral | | **21,493** | (40,412) | - | - |
| Withdrawal of deposits with licensed bank for Escrow Accounts | | **9,249** | 17,675 | - | - |
| Proceeds from ESOS exercised | | **500** | - | **500** | - |
| Payment of corporate exercise expenses | | **(2,745)** | (320) | **(2,745)** | (320) |
| Proceeds from short-term borrowings | | **6,452** | 74,600 | - | 56,000 |
| Proceeds from term loans | | **619,588** | 432,597 | - | 10,613 |
| Proceeds from issuance of redeemable convertible secured bonds | | **289,478** | - | **289,478** | |
| Payment of bonds coupon | | **(5,354)** | - | **(5,354)** | - |
| Proceeds from/(Repayment) of hire purchase and finance lease liabilities | | **372** | (1,429) | - | - |
| Repayment of short-term borrowings | | **(64,100)** | (20,280) | **(56,000)** | - |
| Repayment of term loans | | **(359,649)** | (197,770) | **(14,889)** | (6,639) |
| **Net cash generated from financing activities** | | **465,185** | 222,508 | **163,591** | 19,115 |
| **Net increase/(decrease) in cash and cash equivalents** | | **379,691** | (99,297) | **309,812** | (153,467) |
| Cash and cash equivalents at beginning of the financial year | | **246,479** | 356,564 | **71,201** | 224,668 |
| Currency translation differences | | **8,045** | (10,788) | - | - |
| **Cash and cash equivalents at end of the financial year** | 34 | **634,215** | 246,479 | **381,013** | 71,201 |

* During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM30,872,620 (2010: RM18,588,550), of which RM2,389,045 (2010: RM537,703) were acquired by means of hire purchases and finance lease.

The accompanying Notes form an integral part of the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and provision of management services to subsidiary companies in the Group. The principal activities of the subsidiary companies are set out in Note 18. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The registered office and principal place of business of the Company is located at Penthouse Suite 1, Wisma Mah Sing, 163, Jalan Sungai Besi, 57100 Kuala Lumpur.

The financial statements of the Group and of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of Directors on 28 February 2012.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements are presented in Ringgit Malaysia ("RM") which represents the functional currency of the Group and of the Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

## Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised FRS and Issues Committee Interpretations ("IC Interpretations") and amendments to FRSs and IC Interpretation issued by MASB that are relevant to their operations and effective for annual financial periods beginning on or after 1 January 2011.

| | |
|---|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards (revised) |
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters) |
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters) |
| FRS 2 | Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) |
| FRS 2 | Share-based Payment (Amendments relating to group cash-settled share-based payment transactions) |
| FRS 3 | Business Combinations (revised) |
| FRS 5 | Non-current Assets held for sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary) |
| FRS 7 | Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) |
| FRS 127 | Consolidated and Separate Financial Statements (revised) |
| FRS 128 | Investment in Associates (revised) |
| FRS 132 | Financial Instruments: Presentation (Amendments relating to classification of rights issue) |
| FRS 138 | Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) |
| FRS 139 | Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127) |
| Improvements to FRSs issued in 2010 | |
| IC Interpretation 4 | Determining whether an Arrangement contains a Lease |
| IC Interpretation 9 | Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3) |
| IC Interpretation 9 | Reassessment of Embedded Derivatives (Amendments relating to scope of 29 IC Interpretation 9 advertised FRS 3) |
| IC Interpretation 12 | Service Concession Arrangements |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 17 | Distributions of Non-cash Assets to Owners |
| IC Interpretation 18 | Transfers of Assets from Customers |

The adoption of these new and revised FRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company except for those discussed below:

**FRS 3 - Business Combinations (revised)**

The revised FRS 3:

- allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling's share of the fair value of the identifiable net assets of the acquiree;

- changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in statements of comprehensive income;

- requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

- requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in income statements as incurred, whereas previously they were accounted for as part of the cost of the business combination.

**FRS 127 - Consolidated and Separate Financial Statements (revised)**

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in statements of comprehensive income.

Under FRS 127 (revised), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parents, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognised all assets, liabilities and minority interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in statements of comprehensive income.

**FRSIC Consensus 17 – Development of Affordable Housing**

On 24 November 2011, the Malaysian Institute of Accountants (MIA) issued Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 17 on Development of Affordable Housing. It recommends that the estimate amount of shortfall relating to affordable housing obligation be recognised as a provision. The recognition of provision would result in the recognition of a corresponding asset in the form of common costs in the development of premium housing and included in Property Development Costs. Following the adoption of FRSIC Consensus 17, the comparative figures have been restated. The restatement has no effect on the net results for the current and previous financial years. There is also no effect on retained earnings. The effect on statements of financial position is as follows:

| | 31.12.2011<br>RM'000 | 31.12.2010<br>RM'000 | 1.1.2010<br>RM'000 |
|---|---|---|---|
| **Effect on statements of financial position** | | | |
| **The Group** | | | |
| Increase in property development costs | 55,589 | 57,503 | 63,424 |
| Increase in trade and other payables | 55,589 | 57,503 | 63,424 |

Accordingly, certain comparative figures have been restated as follows:

| | As previously reported<br>RM'000 | Adoption of the Consensus<br>RM'000 | Reclassifi-cation<br>RM'000 | As restated<br>RM'000 |
|---|---|---|---|---|
| **The Group** | | | | |
| **Statement of financial position** | | | | |
| **At 31 December 2010** | | | | |
| Property development costs | 1,194,326 | 57,503 | - | 1,251,829 |
| Trade and other payables | 670,908 | 57,503 | - | 728,411 |

| | As previously reported RM'000 | Adoption of the Consensus RM'000 | Reclassification RM'000 | As restated RM'000 |
|---|---|---|---|---|
| **Statement of cash flows** | | | | |
| **For the financial year ended 31 December 2010** | | | | |
| Change in property development costs | (465,988) | 5,921 | - | (460,067) |
| Change in payables | 245,301 | (5,921) | 3,143 | 242,523 |
| **Statement of financial position** | | | | |
| **At 1 January 2010** | | | | |
| Property development costs | 821,447 | 63,424 | - | 884,871 |
| Trade and other payables | 436,297 | 63,424 | - | 499,721 |

**FRSs and IC Interpretations in Issue But Not Yet Effective**

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

| | |
|---|---|
| FRS 7 | Financial Instruments: Disclosures (Amendments relating to Disclosure – Transfers of Financial Assets)[1] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009)[2] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010)[2] |
| FRS 10 | Consolidated Financial Statements[2] |
| FRS 11 | Joint Arrangements[2] |
| FRS 12 | Disclosures of Interests in Other Entities[2] |
| FRS 13 | Fair Value Measurement[2] |
| FRS 101 | Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)[3] |
| FRS 112 | Income Taxes (Amendments relating to Deferred Tax – Recovery of Underlying Assets)[1] |
| FRS 119 | Employee Benefits (2011)[2] |
| FRS 124 | Related Party Disclosures (Revised)[1] |
| FRS 127 | Separate Financial Statements (2011)[2] |
| FRS 128 | Investment in Associates and Joint Ventures (2011)[2] |

| | |
|---|---|
| IC Interpretation 14 | FRS 119 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating prepayments of a minimum funding requirement)[4] |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments[4] |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine[2] |

[1] Effective for annual periods beginning on or after 1 January 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 July 2011

Consequential amendments were also made to various FRSs as a result of these new/ revised FRSs.

The Directors anticipate that abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

**Malaysian Financial Reporting Standard ("MFRS Framework")**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the new MFRS Framework by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group will be reviewing its accounting policies to assess financial effects of the differences between the current FRSs and accounting standards under the MFRS Framework.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the significant Group accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

### Economic Entities in The Group

#### (a) Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of financial reporting period. Subsidiaries are consolidated using the acquisition method of accounting.

The results of subsidiaries acquired or disposed during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments : Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(b) **Business Combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset of liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximun of one year.

(c) **Associated companies**

An associated company is a non-subsidiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and in which the Group is in a position to exercise significant influence in its management.

Investment in associated company is stated at cost less any impairment losses in the Company's financial statements. The Group's investment in associated company is accounted for under the equity method of accounting based on the latest audited and/or the management financial statements of the associated company made up to 31 December 2011. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated statement of financial position. The carrying amount of such investment is reduced to recognise any decline, other than a temporary decline, in the value of the investment.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

**Foreign Currencies**

(a) **Functional and presentation currency**

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

(b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) **Group companies**

Assets and liabilities of foreign subsidiary companies are translated to Ringgit Malaysia at rates of exchange ruling at the reporting date and the results of foreign subsidiaries are translated at the average rate of exchange for the financial year. Exchange differences arising from the translation are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

**Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods or services in the ordinary course of business.

Revenue from property development projects is accounted for using the percentage of completion method where the outcome of the development can be reliably estimated and is in respect of sales where agreements have been finalised by the end of the financial year. The percentage/stage of completion is measured by reference to the costs incurred to date compared to the estimated total costs of the development.

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreements by the end of the financial year and when the risks and rewards of ownership have passed to the customers.

Sales of goods are recognised upon delivery of products and where the risks and rewards of ownership have passed to the customers, or performance of services, net of sales taxes and discounts.

Other revenue earned by the Group is recognised on the following bases:

| | |
|---|---|
| Interest income | - accrual basis unless collectability is in doubt |
| Dividend income | - when the Group's right to receive payment is established |
| Maintenance charges and management fee | - upon performance of services |
| Rental income | - accrued on a time basis, by reference to the agreements entered |

**Borrowing Costs**

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

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as finance costs in profit or loss in the financial year in which they are incurred.

## Income Tax

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

Deferred tax is accounted for using the "liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## Financial Instruments

### (i) Initial recognition and measurement

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(ii) **Financial instrument categories and subsequent measurement**

**Financial assets**

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

*(a)* ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (including fixed deposits with financial institutions). Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

*(b)* ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. The Group's and the Company's significant financial liabilities include trade and other payables, which are initially measured at fair value and subsequently measured at amortised cost.

*(a)* ***Financial liabilities at FVTPL***

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

*(b)* ***Other financial liabilities***

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**Property, Plant and Equipment and Depreciation**

Buildings are stated at cost or valuation less accumulated amortisation/depreciation and accumulated impairment losses. Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The costs of property, plant and equipment comprise their purchase costs and any expenditure that is directly attributable to the acquisition of the assets.

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 profit or loss during the financial period in which they are incurred.

Certain leasehold buildings were revalued by the Directors based on valuations carried out by independent professional valuers. The Directors have applied the transitional provisions when MASB first adopted IAS 16 - Property, Plant and Equipment. By virtue of this transitional provision, upon implementation in 1998 of MASB Approved Accounting Standard IAS 16 for the first time, an enterprise is allowed to continue carrying those assets at their previous valuations subject to continuity in depreciation policy on the requirement to write an asset down to its recoverable amount. Accordingly, these valuations have not been updated.

Surpluses arising on revaluation are credited to the revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

Depreciation of other assets is calculated so as to write off the costs or valuations of the assets to their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates are as follows:

| | |
|---|---|
| Buildings | 3.33% - 10% |
| Renovations | 3.33% - 10% |
| Plant, machinery and factory equipment | 10% - 25% |
| Motor vehicles | 12.5% - 15% |
| Furniture, fittings and office equipment | 8% - 25% |

Depreciation for certain moulds by a foreign subsidiary for specific projects is determined using the units of production method with expected year ranging between 2 to 10 years.

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The residual value and the useful life of an asset is reviewed at each financial year-end and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

**Finance Leases - For Lessee**

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Property, plant and equipment under finance leases are capitalised and the capital element of the lease commitments is reflected as lease payables. The capital element of the lease installments is applied to reduce the outstanding obligations whereas the interest element is charged against the profit or loss so as to give a constant periodic rate of charge on the remaining balance outstanding at the end of each reporting period.

Property, plant and equipment acquired under finance lease are capitalised and depreciated over the same useful economic lives as similar equivalent owned property, plant and equipment.

**Operating Leases - For Lessee**

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss over the lease period.

**Prepaid Lease Payments**

Leasehold land that has an indefinite economic life and title that is not expected to pass to the Group by the end of the lease period is classified as operating lease. The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised. Certain leasehold land of a subsidiary company was last revalued in 1992. As allowed by the transitional provision of FRS 117, the prepaid lease payments at valuation are stated on the basis of its 1992 valuation and the said valuation has not been updated.

Short term and long term leasehold land recognised as prepaid lease payments are amortised in equal instalments over the respective lease periods.

**Investment Properties**

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied, the deemed cost for subsequent accounting is the fair value at the date of change in use.

**Property Development Activities**

(a) **Land held for property development**

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at a revalued amount it continues to retain this amount as its surrogate cost as allowed by FRS $201_{2004}$. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(b) **Property development costs**

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that are probable of recovery.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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

Where revenue recognised in the income statements exceeds billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statements, the balance is shown as progress billings under payables (within current liabilities).

**Intangible Asset**

(a) **License fee**

All costs incurred in the acquisition of license for assembly of certain plastic products are capitalised and amortised on a straight line basis over a period of 10 years and they will be written off when, in the opinion of the Directors, the future economic benefits are uncertain.

Where an indication of impairment exists, the carrying amount of the intangible assets are assessed and written down immediately to its recoverable amount.

(b) **Goodwill on Consolidation**

Goodwill is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Where the consideration is lower than the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is recognised as negative goodwill. Negative goodwill is recognised immediately in profit or loss.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in the profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each assets in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

**Inventories**

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land and development expenditure.

Inventories of raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and an appropriate proportion of production overheads.

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

**Impairment of Non-Financial Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset or Cash-Generating Unit ("CGU") exceeds its recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use. For the purpose of assessing impairment, the Group estimates the recoverable amount of the CGU to which the assets belongs.

Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

**Impairment of Financial Assets**

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiary company and fixed and call deposits) are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised.

For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivable and held-to-maturity investments 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 asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised in profit or loss.
An impairment loss in respect of unquoted equity instrument that is carried at cost 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 current market rate of return for a similar financial asset.

Impairment losses recognised in the statement of comprehensive income for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

**Convertible Bonds**

Convertible bonds are separated into the equity and liability components at the date of issue. The liability component is recognised initially at its fair value. Subsequent to initial recognition, it is carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds. The equity component is the residual amount of the convertible bonds after deducting the fair value of the liability component. This is recognised and included in equity, net of transaction costs and deferred tax effect, and is not subsequently remeasured.

### Provisions

Provisions are recognised when the Group has a present or constructive 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 reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### Contingent Liabilities and Contingent Assets

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

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

### Equity Instruments

*(a) **Classification as Debt or Equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

*(b) **Equity Instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

**Employee Benefits**

(i) **Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences for paid annual leave when services are rendered by employees that increase their entitlement to future compensated absences are recognised based on the experience that absences will occur.

(ii) **Defined contribution plan**

The Group and the Company are required by law to make monthly contributions to the Employees Provident Fund (EPF), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages.

(iii) **Defined benefit plan**

A foreign subsidiary operates an unfunded defined Retirement Benefit Scheme ("RBS") for its eligible employees. The foreign subsidiary's obligations under RBS are determined based on external actuarial valuation in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for RBS exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service cost is recognised immediately to the extent that the benefits are already vested; otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested.

The amount recognised at the end of the reporting period represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Plan assets resulting from this calculation are to be used only to settle the employee benefit obligations and only can be returned to the enterprise if the remaining assets of the fund are sufficient to meet the plan's obligation to pay the related employee benefits directly.

(iv) **Employees' share option scheme ("ESOS")**

The Group operates an ESOS plan for the employees of the Group as set out in Note 24. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

**Cash and Cash Equivalents**

The Group and the Company adopt the indirect method in the preparation of the cash flow statements. Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

**Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that related to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) **Critical judgements in applying the Group's accounting policies**

The management is of the opinion that there are no instances of application of critical judgements in applying the Group's accounting policies which are expected to have a significant effect on the amounts recognised in the financial statements.

## (b) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

(i) The Group recognised property development revenue based on percentage of completion method. The percentage of completion is measured by reference to the property development costs incurred to date to the estimated total costs for the property development. The percentage of completion method requires the Group to make reasonably dependable estimates of progress towards completion of property development projects and costs in determining the percentage of completion, and the recoverability of development projects. In making the estimate, management relied on opinion/service of experts, past experience and a continuous monitoring mechanism.

(ii) Deferred tax assets are recognised for unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, capital allowances and other deductible temporary differences can be utilised. Management judgement is required in determining the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

## 5. REVENUE

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Property development revenue | **1,358,586** | 923,278 | **-** | - |
| Sales of goods | **202,610** | 183,586 | **-** | - |
| Sales of completed properties | **4,829** | 1,156 | **-** | - |
| Dividend income from subsidiary companies | **-** | - | **100,718** | 22,000 |
| Interest income from: | | | | |
| - bank deposits | **4,375** | 2,088 | **4,375** | 2,088 |
| - advances to subsidiaries | **-** | - | **33,085** | 12,764 |
| Rental income | **206** | - | **-** | - |
| Management fees | **-** | - | **128** | 125 |
| Others | **90** | - | **-** | - |
| | **1,570,696** | 1,110,108 | **138,306** | 36,977 |

## 6. COST OF SALES

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Property development costs | **963,451** | 637,222 |
| Cost of goods sold | **171,378** | 153,620 |
| Cost of completed properties sold | **3,871** | 921 |
| | **1,138,700** | 791,763 |

Included in cost of goods sold are the following:

| | | |
|---|---|---|
| Raw materials and consumables used | **148,962** | 133,670 |
| Changes in inventories of finished goods and work in progress | **(1,163)** | (1,115) |
| | **147,799** | 132,555 |

## 7. PROFIT BEFORE TAX

| | Note | The Group 2011 RM'000 | The Group 2010 RM'000 | The Company 2011 RM'000 | The Company 2010 RM'000 |
|---|---|---|---|---|---|
| **Profit before tax is arrived at after charging:** | | | | | |
| Allowance for doubtful debts | 22 | **76** | 77 | **-** | 70 |
| Allowance for slow-moving inventories | 21 | **26** | 462 | **-** | - |
| Amortisation of license fee | 17 | **-** | 4 | **-** | - |
| Amortisation of prepaid lease payments | 15 | **314** | 314 | **-** | - |
| Amortised cost adjustments: | | | | | |
| - trade and other receivables | | **370** | - | **-** | - |
| - trade and other payables | | **1,108** | - | **-** | - |
| | | **1,478** | - | **-** | - |
| Auditors' remuneration: | | | | | |
| - current year | | **391** | 252 | **25** | 25 |
| - under/(over) provision in prior years | | **86** | (1) | **-** | - |
| - non-audit fee | | **5** | 9 | **5** | 5 |
| Foreign exchange loss: | | | | | |
| - realised | | **151** | 1 | **138** | - |
| - unrealised | | **4,617** | 3,069 | **-** | 9,969 |
| Interest expense in development costs | | **9,813** | 7,161 | **-** | - |
| Lease rental expense | 38 | **33,601** | 28,671 | **-** | - |
| Preliminary and incorporation expenses | | **4** | - | **-** | - |
| Property, plant and equipment: | | | | | |
| - depreciation | 14 | **11,435** | 11,394 | **104** | 94 |
| - written-off | | **55** | 116 | **-** | - |
| - loss on disposal | | **-** | 98 | **-** | - |
| Provision for lease rental | 38 | **11,800** | - | **-** | - |
| Provision for post-employment benefits | 41 | **737** | 605 | **-** | - |
| Rental of buildings | | **1,639** | 1,234 | **30** | 17 |
| Interest receivables from purchasers written off | | **1,697** | - | **-** | - |

(Forward)

| | Note | The Group 2011 RM'000 | The Group 2010 RM'000 | The Company 2011 RM'000 | The Company 2010 RM'000 |
|---|---|---|---|---|---|
| **And crediting:** | | | | | |
| Amortised cost adjustments: | | | | | |
| - trade and other receivables | | **-** | 7 | **-** | - |
| - trade and other payables | | **-** | 664 | **-** | - |
| - long term and deferred payables | | **24** | 22 | **-** | - |
| | | **24** | 693 | **-** | - |
| Foreign exchange gain | | | | | |
| - realised | | **294** | 283 | **-** | - |
| - unrealised | | **-** | - | **2,729** | - |
| Forfeiture income | | **430** | 256 | **-** | - |
| Gain on disposal of property, plant and equipment | | **315** | - | **-** | - |
| Rental income* | 38 | **8,134** | 1,155 | **-** | - |
| Reversal of allowance for inventories | 21 | **81** | - | **-** | - |
| Reversal of impairment loss on investment in a subsidiary | | **-** | - | **-** | **250** |
| Reversal of impairment loss on property, plant and equipment | 14 | **6** | 9 | **-** | - |

* Excluding those classified as revenue in Note 5.

## 8. STAFF COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Wages, salaries and bonus | **61,834** | 49,956 | **16,183** | 13,081 |
| Employees Provident Fund and social security costs | **7,144** | 5,530 | **1,939** | 1,564 |
| Short term accumulating compensated absences: | | | | |
| - current year | **583** | 31 | **120** | 103 |
| - over provision in prior year | **(543)** | (312) | **(103)** | (125) |
| Provision for post-employment benefits (Note 41) | **737** | 605 | **-** | - |
| Other staff related expenses | **4,170** | 3,220 | **71** | 30 |
| Options granted under ESOS | **7,508** | 980 | **2,402** | 308 |
| | **81,433** | 60,010 | **20,612** | 14,961 |

Included in staff costs are directors' remuneration of the Group and of the Company as further disclosed in Note 40.

## 9. INTEREST INCOME

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Interest income from: | | |
| - bank deposits | **6,917** | 449 |
| - project accounts | **1,600** | 759 |
| - others | **1,649** | 2,895 |
| | **10,166** | 4,103 |

## 10. FINANCE COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Interest expenses on: | | | | |
| - term loans | **26,543** | 16,169 | **1,522** | 1,024 |
| - bank overdrafts | **20** | 79 | **-** | - |
| - other borrowings | **1,697** | 745 | **1,300** | 299 |
| - hire purchase | **203** | 198 | **-** | - |
| - redeemable convertible bonds | **9,831** | - | **9,831** | - |
| - advances from subsidiaries | **-** | - | **8,872** | 2,483 |
| | **38,294** | 17,191 | **21,525** | 3,806 |
| Less: Capitalised in property development costs | **(35,255)** | (14,560) | **-** | - |
| | **3,039** | 2,631 | **21,525** | 3,806 |

## 11. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Estimated income tax payable: | | | | |
| Current year | | | | |
| - Local | **90,092** | 57,509 | **6,566** | 1,688 |
| - Foreign | **1,828** | 2,065 | **-** | - |
| Overprovision in prior years | **(603)** | (3,279) | **(117)** | (18) |
| | **91,317** | 56,295 | **6,449** | 1,670 |
| Deferred tax (Note 30) | **(21,326)** | (6,833) | **(473)** | 3 |
| | **69,991** | 49,462 | **5,976** | 1,673 |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Profit before tax | **238,628** | 177,865 | **93,023** | 4,431 |
| Tax at Malaysian statutory tax rate of 25% | **59,657** | 44,466 | **23,256** | 1,108 |
| Tax effects of: | | | | |
| Income exempted from tax | **-** | - | **(20,464)** | (2,812) |
| Expenses not deductible for tax purposes | **4,492** | 2,887 | **3,301** | 3,395 |
| Utilisation of deferred tax assets not previously recognised | **(8,335)** | (434) | **-** | - |
| Deferred tax assets not recognised | **16,629** | 6,829 | **-** | - |
| Reinvestment allowance utilised | **(1,849)** | (1,007) | **-** | - |
| Overprovision in prior years | **(603)** | (3,279) | **(117)** | (18) |
| Tax expense for the financial year | **69,991** | 49,462 | **5,976** | 1,673 |

## 12. EARNINGS PER ORDINARY SHARE

### (a) Basic

The basic earnings per ordinary share for the financial year has been calculated based on the profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue.

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| Profit attributable to equity holders of the Company (RM'000) | **168,556** | 118,071 |
| Weighted average number of ordinary shares in issue (Unit '000) | **831,627** | 831,569 |
| Basic earnings per ordinary share (sen) | **20.27** | 14.20 |

### (b) Diluted

The diluted earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the year by the weighted average number of ordinary shares that would have been in issue assuming full exercise of the remaining options under the ESOS and conversion of bonds, adjusted for the number of such ordinary shares that would have been issued at fair value.

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| Profit attributable to equity holders of the Company (RM'000) | **168,556** | 118,071 |
| Weighted average number of shares in issue (Unit '000) | **831,627** | 831,569 |
| Weighted average number of shares deemed issued at no consideration (Unit '000) | | |
| - ESOS | **14,188** | 503 |
| - Bonds conversion | **7,952** | - |
| Adjusted weighted average number of ordinary shares (Unit '000) | **853,767** | 832,072 |
| Diluted earnings per ordinary share (sen) | **19.74** | 14.19 |

## 13. DIVIDEND PAID/PROPOSED

| | The Group and The Company | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Recognised during the financial year: | | |
| Dividends on ordinary shares | | |
| - First and final dividend for 2010: 7.6 sen (2009: 6.5 sen) per ordinary share of RM0.50 less 25% income tax, paid on 28 September 2011 (2009: 17 September 2010) | **47,399** | 40,539 |

The Directors have proposed a first and final gross dividend of 11.0 sen per ordinary share of RM0.50 each, less income tax of 25%, in respect of the current financial year. The proposed first and final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements for the current financial year. Such dividend when approved by shareholders will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2012.

## 14. PROPERTY, PLANT AND EQUIPMENT

| | At Cost/ Valuation | At Cost | | | | | |
|---|---|---|---|---|---|---|---|
| **2011** **The Group** | **Buildings RM'000** | **Renovations RM'000** | **Plant, machinery and factory equipment RM'000** | **Motor vehicles RM'000** | **Furniture, fittings and office equipment RM'000** | **Construction in progress RM'000** | **Total RM'000** |
| **Cost/valuation** | | | | | | | |
| At 1 January | 32,949 | 3,077 | 117,966 | 12,441 | 10,983 | - | 177,416 |
| Currency translation differences | 292 | - | 1,357 | 39 | 43 | - | 1,731 |
| Additions | 348 | 1,942 | 16,045 | 3,049 | 1,734 | 7,755 | 30,873 |
| Disposals | - | - | (194) | (1,339) | (22) | - | (1,555) |
| Written off | - | (35) | (61) | - | (3) | - | (99) |
| At 31 December | 33,589 | 4,984 | 135,113 | 14,190 | 12,735 | 7,755 | 208,366 |
| **Accumulated depreciation** | | | | | | | |
| At 1 January | 17,526 | 596 | 80,034 | 6,750 | 6,381 | - | 111,287 |
| Currency translation differences | 111 | - | 1,245 | 22 | 22 | - | 1,400 |
| Charge for the financial year | 1,191 | 587 | 7,295 | 1,493 | 869 | - | 11,435 |
| Disposals | - | - | (182) | (893) | (15) | - | (1,090) |
| Written off | - | (12) | (32) | - | - | - | (44) |
| At 31 December | 18,828 | 1,171 | 88,360 | 7,372 | 7,257 | - | 122,988 |
| **Accumulated impairment loss** | | | | | | | |
| At 1 January | - | - | 59 | - | - | - | 59 |
| Reversal during the financial year | - | - | (6) | - | - | - | (6) |
| | - | - | 53 | - | - | - | 53 |
| **Net book value** | | | | | | | |
| At 31 December | 14,761 | 3,813 | 46,700 | 6,818 | 5,478 | 7,755 | 85,325 |

| | At Cost/ Valuation | At Cost | | | | |
|---|---|---|---|---|---|---|
| **2010** **The Group** | **Buildings RM'000** | **Renovations RM'000** | **Plant, machinery and factory equipment RM'000** | **Motor vehicles RM'000** | **Furniture, fittings and office equipment RM'000** | **Total RM'000** |
| **Cost/valuation** | | | | | | |
| At 1 January | 33,748 | 1,154 | 110,698 | 11,335 | 9,699 | 166,634 |
| Currency translation differences | (997) | - | (5,147) | 361 | (94) | (5,877) |
| Additions | 198 | 2,106 | 14,125 | 749 | 1,410 | 18,588 |
| Disposals | - | - | (1,710) | (4) | (32) | (1,746) |
| Written off | - | (183) | - | - | - | (183) |
| At 31 December | 32,949 | 3,077 | 117,966 | 12,441 | 10,983 | 177,416 |
| **Accumulated depreciation** | | | | | | |
| At 1 January | 16,752 | 354 | 77,557 | 5,195 | 5,726 | 105,584 |
| Currency translation differences | (428) | - | (3,758) | 195 | (73) | (4,064) |
| Charge for the financial year | 1,202 | 309 | 7,765 | 1,361 | 757 | 11,394 |
| Disposals | - | - | (1,530) | (1) | (29) | (1,560) |
| Written off | - | (67) | - | - | - | (67) |
| At 31 December | 17,526 | 596 | 80,034 | 6,750 | 6,381 | 111,287 |
| **Accumulated impairment loss** | | | | | | |
| At 1 January | - | - | 68 | - | - | 68 |
| Reversal during the financial year | - | - | (9) | - | - | (9) |
| | - | - | 59 | - | - | 59 |
| **Net book value** | | | | | | |
| At 31 December | 15,423 | 2,481 | 37,873 | 5,691 | 4,602 | 66,070 |

## Analysis of buildings

| | At Valuation | At Cost | | |
|---|---|---|---|---|
| **The Group** | **Leasehold** | **Leasehold** | **Freehold** | **Total** |
| **2011** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Cost/Valuation** | | | | |
| At 1 January | 6,297 | 16,776 | 9,876 | 32,949 |
| Currency translation differences | - | 292 | - | 292 |
| Additions | - | 348 | - | 348 |
| At 31 December | 6,297 | 17,416 | 9,876 | 33,589 |
| **Accumulated depreciation** | | | | |
| At 1 January | 4,306 | 8,789 | 4,431 | 17,526 |
| Currency translation differences | - | 111 | - | 111 |
| Charge for the financial year | 240 | 826 | 125 | 1,191 |
| At 31 December | 4,546 | 9,726 | 4,556 | 18,828 |
| **Net book value** | | | | |
| At 31 December 2011 | 1,751 | 7,690 | 5,320 | 14,761 |
| **2010** | | | | |
| **Cost/Valuation** | | | | |
| At 1 January | 6,297 | 17,575 | 9,876 | 33,748 |
| Currency translation differences | - | (997) | - | (997) |
| Additions | - | 198 | - | 198 |
| At 31 December | 6,297 | 16,776 | 9,876 | 32,949 |
| **Accumulated depreciation** | | | | |
| At 1 January | 4,067 | 8,379 | 4,306 | 16,752 |
| Currency translation differences | - | (428) | - | (428) |
| Charge for the financial year | 239 | 838 | 125 | 1,202 |
| At 31 December | 4,306 | 8,789 | 4,431 | 17,526 |
| **Net book value** | | | | |
| At 31 December 2010 | 1,991 | 7,987 | 5,445 | 15,423 |

| The Company 2011 | Furniture and fittings RM'000 | Office equipment RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January | 48 | 1,234 | 1,282 |
| Additions | - | 128 | 128 |
| At 31 December | 48 | 1,362 | 1,410 |
| **Accumulated depreciation** | | | |
| At 1 January | 17 | 360 | 377 |
| Charge for the financial year | 4 | 100 | 104 |
| At 31 December | 21 | 460 | 481 |
| **Net book value** | | | |
| At 31 December 2011 | 27 | 902 | 929 |
| **2010** | | | |
| **Cost** | | | |
| At 1 January | 48 | 1,176 | 1,224 |
| Additions | - | 58 | 58 |
| At 31 December | 48 | 1,234 | 1,282 |
| **Accumulated depreciation** | | | |
| At 1 January | 12 | 271 | 283 |
| Charge for the financial year | 5 | 89 | 94 |
| At 31 December | 17 | 360 | 377 |
| **Net book value** | | | |
| At 31 December 2010 | 31 | 874 | 905 |

**Valuation**

The leasehold buildings of a subsidiary company were valued in 1992 based on a valuation carried out by independent professional valuers on the open market value basis. The surplus arising from the revaluation amounting to RM2,040,529 has been credited to the revaluation reserve account and eliminated upon consolidation.

The net book values of revalued leasehold buildings of the subsidiary company that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation, are as follows:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| **Net book value** | | |
| Leasehold buildings | **963** | 1,094 |

**Assets with restricted title**

At the end of the reporting period, the net book values of property, plant and equipment of the Group pledged to financial institutions as security for term loans, short-term borrowings and bank overdrafts as shown in Notes 28, 32 and 33 respectively are as follows:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| **Net book value** | | |
| Freehold buildings | **4,179** | 4,520 |
| Leasehold buildings | **5,147** | 5,136 |
| Plant, machinery and factory equipment | **13,389** | 7,572 |
| | **22,715** | 17,228 |

**Assets held under hire purchase and finance lease agreements**

At the end of the reporting period, the net book values of property, plant and equipment of the Group held under finance lease and hire purchase are as follows:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| **Net book value** | | |
| Plant, machinery and factory equipment | - | 470 |
| Motor vehicles | **1,186** | 1,080 |
| | **1,186** | 1,550 |

## 15. PREPAID LEASE PAYMENTS

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| **Leasehold land** | | |
| **Cost/Valuation** | | |
| At 1 January | **8,203** | 8,696 |
| Currency translation differences | **137** | (493) |
| At 31 December | **8,340** | 8,203 |
| **Accumulated amortisation** | | |
| At 1 January | **5,054** | 4,995 |
| Currency translation differences | **82** | (255) |
| Amortisation for the year | **314** | 314 |
| At 31 December | **5,450** | 5,054 |
| **Net book value at 31 December** | **2,890** | 3,149 |

The unexpired portions of the leasehold land as of 31 December 2011 are within the range of 8 to 11 years (2010: 9 to 12 years).

Certain parcels of leasehold land of the Group with a carrying value of RM2,097,404 (2010: RM2,269,690) are pledged to financial institutions to secure term loans, short-term borrowings and bank overdrafts as shown in Notes 28, 32 and 33.

## 16. INVESTMENT PROPERTIES

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| At 1 January | **30,609** | - |
| Additions | **4,024** | - |
| Reclassification/Transfer from property development costs (Note 20) | **21,443** | 30,609 |
| At 31 December | **56,076** | 30,609 |

Included in the above are:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| At fair value | **RM'000** | RM'000 |
| Investment properties under construction/Leasehold land | **52,860** | 30,609 |
| Freehold commercial properties | **3,216** | - |
| | **56,076** | 30,609 |

As the fair value of the investment properties under construction is not reliably determinable, the investment properties under construction are measured at cost until either the fair value becomes reliably determinable or construction is complete, whichever is earlier.

Freehold commercial properties are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 3 years (Note 38). Subsequent renewals are negotiated with the lessee and average renewal periods are for 1 year to 3 years.

Rental income earned by the Group from its freehold commercial properties, all of which are leased out under operating leases amounted to RM204,576 (2010: RMNil). Direct operating expenses incurred on the investment properties amounted to RM53,405 (2010: RMNil).

Investment properties of the Group amounting to RM52,860,508 (2010: RM30,608,849) are pledged to a financial institution to secure term loan facilities as shown in Note 28.

## 17. INTANGIBLE ASSETS

| **The Group** | **License fees** | **Goodwill** | **Total** |
|---|---|---|---|
| **2011** | **RM'000** | **RM'000** | **RM'000** |
| **Cost** | | | |
| At 1 January and 31 December | **82** | **70** | **152** |
| **Accumulated amortisation** | | | |
| At 1 January and 31 December | **82** | **-** | **82** |
| **Carrying amounts** | | | |
| At 31 December | **-** | **70** | **70** |
| **2010** | | | |
| **Cost** | | | |
| At 1 January | 82 | - | 82 |
| Additions | - | 70 | 70 |
| At 31 December | 82 | 70 | 152 |
| **Accumulated amortisation** | | | |
| At 1 January | 78 | - | 78 |
| Additions | 4 | - | 4 |
| At 31 December | 82 | - | 82 |
| **Carrying amounts** | | | |
| At 31 December | - | 70 | 70 |

## 18. INVESTMENT IN SUBSIDIARIES

| | The Company 2011 RM'000 | 2010 RM'000 |
|---|---|---|
| Unquoted shares, at cost | **115,785** | 111,785 |
| Less: Accumulated impairment losses | **(9,230)** | (9,230) |
| | **106,555** | 102,555 |

During the financial year, the Company subscribed for additional ordinary shares in the following subsidiaries:

| Name of company | Number of Ordinary Shares of RM1 each | Cash Consideration RM'000 |
|---|---|---|
| Oasis Garden Development Sdn Bhd | 2,499,998 | 2,500 |
| Vienna View Development Sdn Bhd | 1,500,002 | 1,500 |

The following subsidiaries were acquired during the financial year:

(a) On 19 January 2011, the Company acquired the entire issued and paid-up share capital of Elite Park Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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, for a cash consideration of RM2.00.

(b) On 25 March 2011, the Company acquired the entire issued and paid-up share capital of the following companies for a cash consideration of RM2.00 each respectively:

i. Capitol Avenue Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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; and

ii. Liberty Property Management Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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.

(c) On 15 April 2011, the Company acquired the entire issued and paid-up share capital of Marvellous Vantage Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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, for a cash consideration of RM2.00.

(d) On 23 August 2011, the Company acquired the entire issued and paid-up share capital of Major Land Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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, for a cash consideration of RM2.00.

Details of the subsidiary companies are as follows:

| Name of company | Country of incorporation | Effective equity interest 2011 % | 2010 % | Principal activities |
|---|---|---|---|---|
| **Subsidiary companies of Mah Sing Group Berhad** | | | | |
| Capitol Avenue Development Sdn Bhd | Malaysia | 100 | - | Dormant |
| Elite Park Development Sdn Bhd | Malaysia | 100 | - | Dormant |
| Enrich Property Development Sdn Bhd | Malaysia | 70 | 70 | Property development |
| Gentali Motor Corpn. Sdn Bhd | Malaysia | 60.5 | 60.5 | Inactive |
| Golden Venice Development (MM2H) Sdn Bhd | Malaysia | 100 | 100 | Promote and market Malaysia My Second Home programme and provide related services |
| Grand Pavilion Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Grand Prestige Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Intramewah Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Jastamax Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Klassik Tropika Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Konsortium Lingkaran Lembah Kinta Sdn Bhd | Malaysia | 51 | 51 | Dormant |
| Legend Grand Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Liberty Property Management Sdn Bhd | Malaysia | 100 | - | Property management |
| Loyal Sierra Development Sdn Bhd | Malaysia | 100 | 100 | Property development |

| Name of company | Country of incorporation | Effective equity interest 2011 % | 2010 % | Principal activities |
|---|---|---|---|---|
| Mah Sing Components Manufacturing Sdn Bhd | Malaysia | 100 | 100 | Inactive |
| Mah Sing Enterprise Sdn Bhd @ | Malaysia | 100 | 100 | Trading of plastic and other related products |
| Mah Sing International (HK) Limited * | Hong Kong | 100 | 100 | Investment holding |
| Mah Sing International Ltd | British Virgin Islands | 100 | 100 | Dormant |
| Mah Sing Investment Singapore Pte Ltd * | Singapore | 100 | 100 | Dormant |
| Mah Sing Plastics Industries Sendirian Berhad @ | Malaysia | 100 | 100 | Manufacture of plastic moulded products and property development |
| Mah Sing Properties Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Major Land Development Sdn Bhd | Malaysia | 100 | - | Dormant |
| Marvellous Vantage Sdn Bhd | Malaysia | 100 | - | Property investment |
| Maxim Heights Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Multi Synergy Group Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Myvilla Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Nova Century Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Nova Legend Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Oasis Garden Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Peninsular Connection Sdn Bhd | Malaysia | 100 | 100 | Inactive |

| Name of company | Country of incorporation | Effective equity interest 2011 % | 2010 % | Principal activities |
|---|---|---|---|---|
| Pleasant Network Sdn Bhd | Malaysia | 100 | 100 | Inactive |
| Sierra Peninsular Development Sdn Bhd | Malaysia | 100 | 100 | Property development and property investment |
| Star Residence Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Superior Focus Sdn Bhd | Malaysia | 80 | 80 | Inactive |
| Supreme Springs Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Suria Lagenda Development Sdn Bhd | Malaysia | 100 | 100 | Dormant |
| Uptrend Housing Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Venice View Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Vienna Home Sdn Bhd | Malaysia | 70 | 70 | Property development |
| Vienna View Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Vital Roles Sdn Bhd | Malaysia | 90 | 90 | Inactive |
| Vital Routes Sdn Bhd @ | Malaysia | 100 | 100 | Investment holding |
| **Subsidiary companies of Mah Sing Properties Sdn Bhd** | | | | |
| Acacia Springs Management Sdn Bhd | Malaysia | 100 | 100 | Property management |
| Mestika Bistari Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Mestika Kenangan Sdn Bhd | Malaysia | 100 | 100 | Property management |
| MS Icon Property Services Sdn Bhd (Formerly known as Vienna Grand Development Sdn Bhd) | Malaysia | 100 | 100 | Property management |

| Name of company | Country of incorporation | Effective equity interest 2011 % | 2010 % | Principal activities |
|---|---|---|---|---|
| Prima Peninsular Development Sdn Bhd | Malaysia | 100 | 100 | Property management |
| Quantum Noble Development Sdn Bhd | Malaysia | 100 | 100 | Property management |
| **Subsidiary company of Pleasant Network Sdn Bhd** | | | | |
| Vican Technology Sdn Bhd ** | Malaysia | 68 | 68 | Inactive |
| **Subsidiary company of Vican Technology Sdn Bhd** | | | | |
| Vican Electronics Sdn Bhd # | Malaysia | 68 | 68 | Inactive |
| **Subsidiary company of Vital Routes Sdn Bhd** | | | | |
| P.T. Mah Sing Indonesia *@ | Indonesia | 65 | 65 | Manufacture of plastic moulded products |
| **Subsidiary companies of Mah Sing International Ltd** | | | | |
| Mah Sing Vietnam Ltd | British Virgin Islands | 100 | 100 | Dormant |
| Mah Sing Vina Ltd | British Virgin Islands | 100 | 100 | Dormant |
| **Subsidiary company of Mah Sing International (HK) Limited** | | | | |
| Mah Sing Property Consulting (Changzhou) Pte Ltd *^ | People's Republic Of China | 100 | 100 | Inactive |
| **Subsidiary company of Mah Sing Plastics Industries Sendirian Berhad** | | | | |
| Kenwira Sdn Bhd | Malaysia | 100 | 100 | Assembly of helmets |

* Audited by other firms of auditors.

** This subsidiary company is under a court winding-up order and was deconsolidated from the Group results since financial year 2000. The cost of investment in this subsidiary company had been fully provided for.

^ This subsidiary company is under members voluntary liquidation.

# This company has not been consolidated as its immediate holding company was deconsolidated from the Group.

@ Shares of these subsidiaries are pledged to a bank for loan facilities granted to the Company as disclosed in Note 28.

## 19. INVESTMENT IN ASSOCIATED COMPANY

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Unquoted shares, at cost | **99** | 99 | **99** | 99 |
| Less: Accumulated impairment Losses | **(26)** | (26) | **(99)** | (99) |
| Group's share of post-acquisition accumulated losses | **(73)** | (73) | **-** | - |
| | **-** | - | **-** | - |

The Group's share in the accumulated losses of associated company ceased when the Group's share of losses of associated company exceeded the carrying amount of its investment in the associated company.

Details of associated company is as follows:

| **Name of company** | **Country of incorporation** | **Effective equity interest 2011 %** | **2010 %** | **Principal activities** |
|---|---|---|---|---|
| Prestige Greenery Sdn Bhd * | Malaysia | **39.5** | 39.5 | Dormant |

* Audited by other firms of auditors.

## 20. PROPERTY DEVELOPMENT ACTIVITIES

### a. Land held for property development

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Freehold land at cost: | | |
| At 1 January | **62,889** | 47,099 |
| Additions | **8,980** | - |
| Transfer from property development costs | **-** | 2,004 |
| Increase arising from additional investment in a subsidiary company | **-** | 13,786 |
| | **71,869** | 62,889 |

Land held for property development is charged as security for the redeemable convertible bonds as shown in Note 27.

**b. Property development costs**

| | The Group | | |
|---|---|---|---|
| | **31.12.2011** | 31.12.2010 | 1.1.2010 |
| | | Restated | Restated |
| | **RM'000** | RM'000 | RM'000 |
| **At 1 January** | | | |
| Land costs | **940,427** | 637,519 | 382,010 |
| Development costs | **311,402** | 247,352 | 242,616 |
| | **1,251,829** | 884,871 | 624,626 |
| **Costs incurred during the financial year:** | | | |
| Land costs | **449,790** | 470,989 | 313,470 |
| Development costs | **832,280** | 563,342 | 340,635 |
| | **1,282,070** | 1,034,331 | 654,105 |
| Increase arising from additional investment in a subsidiary company | | | |
| - Land costs | **-** | 1,991 | - |
| **Costs recognised as expense in the income statements during the financial year:** | | | |
| Land costs | **(232,477)** | (137,459) | (57,961) |
| Development costs | **(728,411)** | (499,292) | (335,899) |
| | **(960,888)** | (636,751) | (393,860) |
| **Reclassification/Transfer to:** | | | |
| Investment properties | | | |
| - Land costs | **(18,415)** | (30,609) | - |
| - Development costs | **(3,028)** | - | - |
| Land held for property development | | | |
| - Land costs | **-** | (2,004) | - |
| Inventories | | | |
| - Land costs | **(1,899)** | - | - |
| - Development costs | **(13,572)** | - | - |
| | **(36,914)** | (32,613) | - |
| **At 31 December** | | | |
| Land costs | **1,137,426** | 940,427 | 637,519 |
| Development costs | **398,671** | 311,402 | 247,352 |
| | **1,536,097** | 1,251,829 | 884,871 |

The title deeds in respect of certain land cost amounting to RM48,645,965 (2010: RM63,053,503) under joint development arrangements with the land owner are not registered under the subsidiary companies' names as the title deeds will be transferred directly to purchasers upon completion of the properties.

Included in development costs are interests on borrowings capitalised during the financial year amounting to RM35,255,548 (2010: RM14,560,000).

Freehold and leasehold land of RM695,569,452 (2010: RM585,879,569) and RM292,240,415 (2010: RM319,074,865) respectively are pledged to certain financial institutions as securities for term loans and short-term borrowings of the Group as shown in Notes 28 and 32 respectively.

## 21. INVENTORIES

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| At cost: | | |
| Completed properties | **26,657** | 15,847 |
| Raw materials | **9,416** | 10,846 |
| Work-in-progress | **1,169** | 1,345 |
| Finished goods | **8,145** | 6,806 |
| | **45,387** | 34,844 |
| Allowance for slow-moving inventories: | | |
| - raw materials | **(616)** | (697) |
| - finished goods | **(490)** | (464) |
| - completed properties | **(500)** | (500) |
| | **(1,606)** | (1,661) |
| | **43,781** | 33,183 |

Inventories of a subsidiary company amounting to RM5,597,402 (2010: RM4,782,788) are pledged to financial institutions as security for foreign term loans, short-term borrowings and bank overdrafts as shown in Notes 28, 32 and 33.

Completed properties of a subsidiary company amounting to RM3,754,369 (2010: RM5,696,872) are pledged to financial institutions as securities for term loans of the Company as shown in Note 28.

## 22. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Trade receivables | **200,638** | 117,931 | **-** | - |
| Less: Allowance for doubtful debts | **(1,125)** | (1,049) | **-** | - |
| | **199,513** | 116,882 | **-** | - |
| Other receivables | **15,940** | 12,286 | **10,747** | 10,535 |
| Less: Allowance for doubtful debts | **(11,492)** | (11,492) | **(10,261)** | (10,261) |
| | **4,448** | 794 | **486** | 274 |
| Accrued billings for property development | **119,538** | 263,260 | **-** | - |
| Amounts due from subsidiary companies | **-** | - | **783,650** | 752,594 |
| Deposits for land acquisitions/joint development/acquisition of equity interests | **12,096** | 34,617 | **5,700** | - |
| Deposits for purchase of property, plant and equipment | **7,345** | 1,088 | **-** | - |
| Other deposits | **11,722** | 8,430 | **84** | 20 |
| Prepayments | **908** | 1,012 | **-** | 7 |
| | **355,570** | 426,083 | **789,920** | 752,895 |

The currency exposure profile of trade receivables is as follows:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Ringgit Malaysia | **177,568** | 103,545 |
| United States Dollar | **3,150** | 1,584 |
| Indonesian Rupiah | **19,085** | 11,845 |
| Singapore Dollar | **812** | 588 |
| Australian Dollar | **23** | 32 |
| Euro | **-** | 337 |
| | **200,638** | 117,931 |

The currency exposure profile of other receivables is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **15,462** | 12,280 | **10,747** | 10,535 |
| Indonesian Rupiah | **478** | 6 | - | - |
| | **15,940** | 12,286 | **10,747** | 10,535 |

Trade receivables of the Group amounting to RM20,005,072 (2010: RM11,392,999) are pledged to financial institutions as securities for foreign term loans and bank overdrafts as shown in Notes 28 and 33.

Trade receivables comprise amounts receivable for the sale of goods of RM37,987,726 (2010: RM29,467,497) and amounts receivable from customers for property development projects of RM161,525,512 (2010: RM87,414,129).

The terms for sale of goods range from payment in advance to 90 days credit whilst the credit terms for receivables from property development is 14 to 21 days (2010: 14 to 21 days).

**Ageing analysis of trade receivables**

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Trade receivables not past due | **101,456** | 64,376 |
| Retention sums receivable | **31,772** | 3,108 |
| Past due < 2 months | **44,645** | 35,292 |
| Past due 2 – 4 months | **10,991** | 8,521 |
| Past due > 4 months | **10,649** | 5,585 |
| | **199,513** | 116,882 |
| **Impaired-trade receivables** | | |
| Past due > 4 months | **1,125** | 1,049 |
| | **200,638** | 117,931 |

Retention sums receivable are trade receivables retained by stakeholders that are due upon expiry of retention periods ranging from 6 to 24 months as stipulated in the sale and purchase agreements.

**Movement in allowance for doubtful debts - trade receivables**

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| At 1 January | **1,049** | 1,527 |
| Allowance during the year | **76** | 7 |
| Written off | **-** | (485) |
| At 31 December | **1,125** | 1,049 |

**Movement of allowance for doubtful debts-other receivables**

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| At 1 January | **11,492** | 10,480 | 10,261 | 10,261 |
| Allowance during the year | **-** | 1,012 | - | - |
| At 31 December | **11,492** | 11,492 | 10,261 | 10,261 |

Trade receivables of the Group amounting to RM485,407 were written off against allowance for doubtful debts during the previous financial year.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers, which are widely distributed and covers a broad range of end markets. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, the management believes there is no additional credit risk beyond amounts provided for doubtful debts for the Group's trade receivables.

Included in other receivables of the Company is an amount of RM8,053,077 (2010: RM8,053,077) owing by indirect subsidiary companies, Vican Technology Sdn Bhd and Vican Electronics Sdn Bhd, which had been excluded from consolidation as explained in Note 18. The amount owing by the said subsidiary companies has been fully provided for.

Amounts due from subsidiary companies, which arose mainly from intercompany advances and payments on behalf, are unsecured, repayable on demand and interest free except for advances amounting to RM602,168,034 (2010: RM591,350,727) and RM44,060,445 (2010: RM39,698,911) which bear interest at 3% (2010: 2%) and 10% (2010: 10%) per annum respectively.

## 23. DEPOSITS, CASH AND BANK BALANCES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Cash and bank balances | **24,230** | 25,690 | **311** | 97 |
| Project accounts | **133,001** | 69,344 | **-** | - |
| Deposits with licensed banks | **508,486** | 213,613 | **380,702** | 71,104 |
| | **665,717** | 308,647 | **381,013** | 71,201 |

The interest rates per annum during the financial year are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **%** | % | **%** | % |
| Project accounts | **1.00 – 2.50** | 1.00 - 1.80 | **-** | - |
| Deposits with licensed banks | **1.50 – 3.55** | 0.10 - 3.15 | **2.60 – 3.40** | 1.96 - 3.15 |

Project accounts are bank accounts maintained in accordance with Section 7A of the Housing Developers Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the respective subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled.

Deposits with licensed banks have an average maturity of 19 days (2010: 18 days).

Deposits with licensed banks of the Group amounting to RM28,507,449 (2010: Nil) has been pledged as collateral for the Redeemable Convertible Secured Bonds. In 2010, RM50,000,000 was pledged as collateral for financing facilities granted to subsidiary company for purchase of development land.

Deposits with licensed banks of the Group amounting to RM2,844,657 (2010: RM12,094,000) have been deposited in Escrow Accounts for banking facilities of subsidiary companies.

The currency exposure profile of deposits, cash and bank balances is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **565,202** | 206,379 | **381,013** | 71,201 |
| United States Dollar | **97,394** | 93,210 | **-** | - |
| Indonesian Rupiah | **3,109** | 9,047 | **-** | - |
| Others | **12** | 11 | **-** | - |
| | **665,717** | 308,647 | **381,013** | 71,201 |

## 24. SHARE CAPITAL

| | The Group and The Company | | |
|---|---|---|---|
| | **Number of shares Unit '000** | **Par value RM** | **RM'000** |
| **Ordinary shares** | | | |
| **Authorised:** | | | |
| 2011 | | | |
| At 1 January and 31 December | **2,000,000** | **0.50** | **1,000,000** |
| 2010 | | | |
| At 1 January | 1,000,000 | 0.50 | 500,000 |
| Created during the financial year | 1,000,000 | 0.50 | 500,000 |
| At 31 December | 2,000,000 | 0.50 | 1,000,000 |
| **Issued and fully paid:** | | | |
| 2011 | | | |
| At 1 January | **831,569** | **0.50** | **415,784** |
| Exercise of ESOS | **303** | **0.50** | **152** |
| At 31 December | **831,872** | **0.50** | **415,936** |
| 2010 | | | |
| At 1 January | 692,974 | 0.50 | 346,487 |
| Bonus issue | 138,595 | 0.50 | 69,297 |
| At 31 December | 831,569 | 0.50 | 415,784 |

During the financial year, the issued and paid-up share capital of the Company was increased from RM415,784,420 to RM415,936,070 by way of issuance of 303,300 new ordinary shares of RM0.50 each at an exercise price of RM1.65 pursuant to exercise of employees share options. The resulting premium arising from the shares issued of RM348,795 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

**Employees' Share Option Scheme**

At the Extraordinary General Meeting held on 8 March 2004, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS" or "Scheme") which is governed by the ESOS By-Laws ("By-Laws").

The salient features of the ESOS are *inter alia* as follows:

(a) The ESOS was implemented on 12 July 2004 and was in force for a period of 5 years ("Initial Period"). On 10 July 2009, the ESOS was extended for another 5 years up to 10 July 2014 in accordance with the terms of the ESOS By-Laws;

(b) The total number of new shares to be offered pursuant to the exercise of options granted under the ESOS ("Option") shall be subject to a maximum of 10% of the Company's issued and paid-up share capital at the time of the offer;

(c) Employees (including Executive Directors) of the Company or its subsidiary companies (other than dormant subsidiaries) shall be eligible to participate in the ESOS, if as at the date of offer, the employee:

   (i) has attained the age of eighteen (18) years;
   (ii) is employed full-time by and on the payroll of the Company or its subsidiary companies; and
   (iii) is a confirmed employee of the Company or its subsidiary companies.

   The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the ESOS shall be approved by the shareholders of the Company in a general meeting;

(d) The price payable upon exercise of an Option shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than 10%, or at the par value of the Company's share, whichever is higher;

(e) Subject to any adjustments which may be made pursuant to the By-Laws, the maximum number of new shares that may be offered to an eligible employee shall be determined at the discretion of the Option Committee after taking into consideration the performance, seniority and length of service of the eligible employees, subject to the following:

(i) not more than fifty per cent (50%) of the new shares available under the Scheme should be allocated, in aggregate, to the Executive Directors and senior management of the Group; and

(ii) not more than ten per cent (10%) of the new shares available under the Scheme should be allocated to any eligible employee, who either singly or collectively through his or her associates, holds twenty per cent (20%) or more in the issued and paid-up capital of the Company.

(f) The new ordinary shares to be issued upon exercise of the Options shall, upon allotment and issue, rank pari passu with the then existing ordinary shares, except that they will not be entitled to any dividends, rights, allotments and/or other distributions declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Options; and

(g) The exercise price and the number of new ordinary shares comprised in the Options are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the By-Laws. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company.

The number and movements in the Company's Options are as follows:

| | Number of options over ordinary shares of RM0.50 each |
|---|---|
| **2011** | **Unit '000** |
| At 1 January | **51,451** |
| Granted | **-** |
| Exercised | **(303)** |
| Lapsed | **(2,764)** |
| At 31 December | **48,384** |
| 2010 | |
| At 1 January | 110 |
| Granted | 51,403 |
| Exercised | - |
| Lapsed | (84) |
| Adjustment* | 22 |
| At 31 December | 51,451 |

* Adjustment to the number of options pursuant to the Bonus Issue completed during previous financial year.

Further details of the ESOS are set out in Note 25.

## 25. RESERVES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Share premium | **131,101** | 130,752 | 131,101 | 130,752 |
| Equity-settled employees benefit reserve | **8,451** | 1,002 | 8,451 | 1,002 |
| Exchange fluctuation reserve | **3,768** | (4,222) | - | - |
| Equity component of redeemable convertible bonds (Note 27) | **17,129** | - | 17,129 | - |
| | **160,449** | 127,532 | 156,681 | 131,754 |

### Share premium

Share premium arose from exercise of ESOS, private placement and other issuance of shares in prior years.

**Equity-settled employees benefit reserve**

Equity-settled employees benefit reserve represents the fair value of the employee services received in exchange for the grant of options which is recognised in equity with a corresponding charge to income statements when vested.

Details of share options movement during the financial year are as follows:

| Date option granted | Exercise price per ordinary share | No. of options over ordinary shares of RM0.50 each Unit '000 | | | | |
|---|---|---|---|---|---|---|
| | RM | 1.1.2011 | Granted | Exercised | Lapsed | 31.12.2011 |
| 9 Jun 2006 | 0.64 | 54 | - | - | (3) | 51 |
| 25 Nov 2010 | 1.65 | 50,777 | - | (288) | (2,761) | 47,728 |
| 6 Dec 2010 | 1.65 | 620 | - | (15) | - | 605 |

There were no new options granted during the financial year. In the previous financial year, options were granted on 25 November 2010 and 6 December 2010 with estimated fair values of 35.81 sen and 39.12 sen per option respectively.

The number of granted options which are exercisable by the employees within a specified period are tied to the Group's achievement of its internal target profit after tax and subject to the approval of Option Committee.

The fair values were calculated using the Black-Scholes Pricing Model. The inputs into the model were as follows:

| | Options granted on 25 November 2010 | Options granted on 6 December 2010 |
|---|---|---|
| Share price | RM1.81 | RM1.78 |
| Exercise price | RM1.65 | RM1.65 |
| Expected volatility | 25.54% | 30.36% |
| Expected life (days to expiry) | 1,305 | 1,294 |
| Risk free rate | 3.273% | 3.287% |
| Expected dividend yield | 3.62% | 3.68% |

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life used is based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised total fair value in the income statement of RM7,508,550 (2010: 979,917) and RM2,401,873 (2010:307,568) respectively during the financial year.

**Exchange fluctuation reserve**

Exchange differences arising from translation of the financial statements of foreign operations are taken to the exchange fluctuation reserve account as disclosed in the accounting policies.

**Equity component of redeemable convertible secured bonds**

The equity component of redeemable convertible secured bonds represents the residual amount of the convertible bonds after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability. Details of the convertible bonds are set out in Note 27.

## 26. RETAINED EARNINGS

**The Company**

As of the balance sheet date, the Company has not elected for the irrevocable option in accordance with the Finance Act 2007 to disregard the Section 108 tax credits. Therefore, the Company is allowed to continue utilising its available Section 108 tax credits for the purpose of dividend distribution until such time the credits are fully utilised or upon expiry of the transitional period on 31 December 2013, whichever is earlier.

As at 31 December 2011, subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit to pay franked dividends out of the retained earnings of the Company to the extent of approximately RM77,418,000 (2010: RM124,817,000). In addition, the Company has tax exempt income of approximately RM18,684,000 (2010: RM18,684,000) for future distribution of tax exempt dividends.

## 27. REDEEMABLE CONVERTIBLE SECURED BONDS

On 10 June 2011, the Company issued a 7-year RM325 million nominal value of 3.25% redeemable convertible secured bonds ("the Bonds"). The salient features of the Bonds are *inter-alia* as follows:

(i) The Bonds may be redeemed on the 5th anniversary of the issue date (10 June 2016) in whole or in part by cash and in one lump sum at par;

(ii) All or any part of the Bonds are convertible at a conversion price of RM2.09, into fully paid new shares of the Company at any time between issuance up to the maturity date;

(iii) Unless previously redeemed, converted, purchased and cancelled, the Bonds will be redeemed on the maturity date on 8 June 2018 by cash and in one lump sum at par;

(iv) Coupon is at 3.25% per annum based on the nominal value of Bonds outstanding and is payable semi-annually in arrears; and

(v) The Bonds are secured by *inter-alia*, legal charges over development land of the Group and deposits with licensed bank as disclosed in Notes 20 and 23 to the financial statements.

The liability component of the redeemable convertible secured bonds is recognised in the statements of financial position as follows:-

| | The Group and The Company | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Proceeds from issuance of Bonds | **289,478** | - |
| Equity component, net of deferred tax liability | **(17,129)** | - |
| Deferred tax liability (Note 30) | **(5,783)** | - |
| Bonds issue expenses | **(2,745)** | - |
| Liability component on initial recognition | **263,821** | - |
| Interest expense | **9,831** | - |
| Interest paid | **(5,354)** | - |
| At 31 December | **268,298** | - |

Interest expense on the Bond is calculated based on the effective interest method by applying the interest rate of 6.5% per annum for an equivalent non-convertible bond of comparable credit status to the liability component of the convertible bonds.

## 28. TERM LOANS

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2011** | 2010 | **2011** | 2010 |
| | | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Secured** | | | | | |
| Term loans | (a) | **687,959** | 423,743 | **8,211** | 23,100 |
| Bridging loans | (b) | **6,881** | 13,938 | **-** | - |
| Foreign term loans | (c) | **6,649** | 3,869 | **-** | - |
| | | **701,489** | 441,550 | **8,211** | 23,100 |

The terms loans are repayable as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Current:** | | | | |
| Repayable not later than 1 year | **34,981** | 73,019 | **8,211** | 12,487 |
| **Non-current:** | | | | |
| Repayable later than 1 year and not later than 2 years | **91,253** | 95,948 | - | 10,613 |
| Repayable later than 2 years and not later than 5 years | **525,007** | 271,479 | - | - |
| Repayable later than 5 years | **50,248** | 1,104 | - | - |
| | **666,508** | 368,531 | - | 10,613 |
| | **701,489** | 441,550 | **8,211** | 23,100 |

(a) **Term Loans**

**The Group**

As of 31 December 2011, the Group has term loans facilities from local licensed banks of RM953,961,234 (2010: RM613,983,992).

The term loans are secured by way of legal charges, specific debenture and general debenture over the development land, completed properties and investment properties and pledge of shares of certain subsidiary companies and are guaranteed by the Company.

**The Company**

As of 31 December 2011, the Company has term loans facilities from local licensed banks of RM50,000,000 (2010: RM95,000,000).

The term loans are secured by way of legal charges over completed properties of a subsidiary company and pledge of shares of certain subsidiary companies as disclosed in Notes 18 and 21.

(b) **Bridging Loans**

As of 31 December 2011, the Group has bridging loans facilities from local licensed banks of RM32,900,000 (2010: RM73,200,000).

The bridging loans are secured by way of legal charges, specific debenture and general debenture over the development land of its subsidiary companies and are guaranteed by the Company.

(c) **Foreign Term Loans**

As of 31 December 2011, a foreign subsidiary has foreign term loan facilities obtained from foreign licensed banks of RM20,557,089 (2010: RM7,139,714).

The foreign term loans are secured by way of legal charges over certain property, plant and equipment, inventories and assignment over trade receivables of the subsidiary company.

The currency exposure profile of the term loans is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **694,840** | 437,681 | **8,211** | 23,100 |
| Indonesian Rupiah | **6,649** | 3,741 | **-** | - |
| United States Dollar | **-** | 128 | **-** | - |
| | **701,489** | 441,550 | **8,211** | 23,100 |

During the financial year, the interest rates were in the following range:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **%** | % | **%** | % |
| Local currency | **3.1 – 7.5** | 3.7 – 7.5 | **4.7 – 5.0** | 4.3 – 5.6 |
| Foreign currency: | | | | |
| Indonesian Rupiah | **10.5 – 12.0** | 11.0 – 12.5 | **-** | - |
| United States Dollar | **-** | 6.0 – 6.5 | **-** | - |

## 29. LONG-TERM AND DEFERRED PAYABLES

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Finance lease and hire purchase liabilities | **2,521** | 1,918 |
| Retirement benefit obligations (Note 41) | **2,828** | 2,016 |
| Other payable | **7,015** | - |
| Amount due to minority shareholder of subsidiary company (Note 31) | **-** | 257 |
| | **12,364** | 4,191 |

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| **Finance lease and hire purchase liabilities** | | |
| Minimum finance lease and hire purchase payments: | | |
| - not later than 1 year | **1,280** | 1,530 |
| - later than 1 year and not later than 5 years | **2,719** | 2,159 |
| | **3,999** | 3,689 |
| Future finance charges on finance lease and hire purchase liabilities | **(341)** | (403) |
| Principal of finance lease and hire purchase liabilities | **3,658** | 3,286 |
| Principal of finance lease and hire purchase liabilities: | | |
| - not later than 1 year (Note 31) | **1,137** | 1,368 |
| - later than 1 year and not later than 5 years | **2,521** | 1,918 |
| | **3,658** | 3,286 |

The average term for finance lease and hire-purchase is between 3 to 5 years. For the financial year ended 31 December 2011, the average effective borrowing rate was 2.70% (2010: 2.64%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The finance lease and hire purchase liabilities are secured by assets acquired under finance lease and hire-purchase agreements as disclosed under Note 14.

## 30. DEFERRED TAX LIABILITIES/ (ASSETS)

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| At 1 January | **(5,026)** | 1,807 | **197** | 194 |
| Arose from issuance of convertible bonds and recognised in equity (Note 27) | **5,783** | - | **5,783** | - |
| Recognised in income statements | **(21,326)** | (6,833) | **(473)** | 3 |
| At 31 December | **(20,569)** | (5,026) | **5,507** | 197 |

Deferred tax assets and liabilities are offset when there is legally enforceable right to set-off current tax assets and current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, presented after appropriate offsetting, are shown in the statement of financial position:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Deferred tax assets-net | **(27,457)** | (6,864) | **-** | - |
| Deferred tax liabilities-net | **6,888** | 1,838 | **5,507** | 197 |
| | **(20,569)** | (5,026) | **5,507** | 197 |

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

**Deferred tax liabilities**

| **The Group** | **Property, plant and equipment RM'000** | **Redeemable convertible bonds RM'000** | **Offsetting RM'000** | **Total RM'000** |
|---|---|---|---|---|
| At 1 January 2010 | 3,007 | - | (1,200) | 1,807 |
| Recognised in income statements | 1,024 | - | (993) | 31 |
| At 31 December 2010 | 4,031 | - | (2,193) | 1,838 |
| Arose from issuance of bonds (Note 27) | - | 5,783 | - | 5,783 |
| Recognised in income statements | 564 | (488) | (809) | (733) |
| **At 31 December 2011** | **4,595** | **5,295** | **(3,002)** | **6,888** |

**Deferred tax assets**

| The Group | Property development costs RM'000 | Unused tax losses RM'000 | Unabsorbed capital allowances and reinvestment allowances RM'000 | Other deductible temporary differences RM'000 | Offsetting RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 January 2010 | - | (1,200) | - | - | 1,200 | - |
| Recognised in income statements | - | (6,495) | (1,071) | (291) | 993 | (6,864) |
| At 31 December 2010 | - | (7,695) | (1,071) | (291) | 2,193 | (6,864) |
| Recognised in income statements | (9,006) | (9,257) | (1,305) | (1,834) | 809 | (20,593) |
| **At 31 December 2011** | **(9,006)** | **(16,952)** | **(2,376)** | **(2,125)** | **3,002** | **(27,457)** |

**Deferred tax liabilities**

| The Company | Property, plant and equipment RM'000 | Redeemable Convertible Bonds RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 January 2010 | 194 | - | 194 |
| | 3 | - | 3 |
| At 31 December 2010 | 197 | - | 197 |
| Arose from issuance of bonds (Note 27) | - | 5,783 | 5,783 |
| Recognised in income statements | 15 | (488) | (473) |
| **At 31 December 2011** | **212** | **5,295** | **5,507** |

Details of deductible temporary differences, unused tax losses and unused tax credits pertaining to certain subsidiary companies which have not been recognised in the financial statements due to uncertainty of realisation are as follows:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Deductible temporary differences | **142,147** | 89,884 |
| Unutilised tax losses | **13,455** | 29,404 |
| Unabsorbed capital allowances | **1,917** | 5,054 |
| | **157,519** | 124,342 |

The unused tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the subsidiary companies, subject to the agreement by the tax authorities.

## 31. TRADE AND OTHER PAYABLES

| | | The Group | | | The Company | |
|---|---|---|---|---|---|---|
| | | **31.12.2011** | 31.12.2010 Restated | 1.1.2010 Restated | **31.12.2011** | 31.12.2010 |
| | | **RM'000** | RM'000 | RM'000 | **RM'000** | RM'000 |
| Trade payables | (i) | **193,041** | 171,669 | 100,279 | - | - |
| Payable for acquisition of development land | | **6,440** | 203,381 | 235,569 | - | - |
| Retention sum | | **90,330** | 53,055 | 35,197 | - | - |
| Other payables | (ii) | **38,053** | 32,927 | 7,202 | **5,271** | 12,768 |
| | | **327,864** | 461,032 | 378,247 | **5,271** | 12,768 |
| Progress billings for property development | | **252,190** | 155,599 | 13,122 | - | - |
| Finance lease and hire purchase liabilities (Note 29) | | **1,137** | 1,368 | 1,632 | - | - |
| Amounts due to subsidiary companies | (iii) | - | - | - | **310,529** | 221,535 |
| Amount due to associated companies | | - | - | 110 | - | - |
| Amount due to minority shareholders of subsidiary companies | (iv) | **3,524** | 3,574 | 5,652 | - | - |
| Payable for acquisition of property, plant and equipment | (v) | **6,972** | 8,631 | 6,044 | **84** | - |
| Provision for future operating lease commitment | (vi) | **11,800** | - | - | - | - |
| Deposits received from customers | | **33,191** | 7,145 | 11,584 | - | - |
| Provision for affordable housing obligations | (vii) | **55,589** | 57,503 | 63,424 | - | - |
| Accrued operating expenses | | **43,970** | 33,559 | 19,906 | **10,917** | 8,772 |
| | | **736,237** | 728,411 | 499,721 | **326,801** | 243,075 |

(i) The credit terms for trade payables of the Group range from cash basis to 90 days (2010: cash basis to 90 days).

(ii) Included in other payables is an amount of RM5,000,000 (2010: RM12,420,000) due to former minority shareholder of a subsidiary company, which represents remaining amount payable for acquiring the interest of the former minority shareholder in the said subsidiary company.

(iii) Amounts due to subsidiary companies arose mainly from inter-company advances and payments on behalf. They are unsecured, interest free and repayable on demand except for an amount of RM310,529,442 (2010: RM97,791,556) which bears interest at 3% (2010: 2%) per annum. During the financial year, interest expense amounting to RM8,872,327 (2010: RM2,482,769) has been recognised in the income statements of the Company.

(iv) Amount due to non-controlling shareholders of subsidiary companies are unsecured, interest free and have no fixed terms of repayment except for an amount of RM1,204,651 (2010: RM1,617,000) which bears interest at rates varying between 0.17% to 0.68% (2010: 0.24% to 0.56%) per annum. During the financial year, interest expense amounting to RM5,407 (2010: RM6,443) has been recognised in the income statements of the Group.

Amount due to non-controlling shareholders is repayable as follows:

| | **The Group** | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Not later than 1 year | **3,524** | 3,574 |
| Later than 1 year (Note 29) | **-** | 257 |
| | **3,524** | 3,831 |

(v) Included in amounts payable for acquisition of property, plant and equipment is an amount of RM6,284,720 denominated in United States Dollar (2010: RM6,313,320 denominated in United States Dollar and RM1,077,000 denominated in Japanese Yen) which is interest-free.

(vi) The provision for future operating lease commitment relates to en-bloc sale of a commercial building in 2009 and the Leaseback and Guarantee Rental Return Agreement entered into with the purchaser. Estimated lease commitments are based on the terms of the leaseback agreement. The leaseback commenced in September 2011 and shall expire by August 2013. The remaining lease commitments not provided for are expected to be off-setted with increasing rental income from sub-lease of properties, and are disclosed in Note 38.

(vii) The Malaysian Institute of Accountants (MIA) issued Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 17 on Development of Affordable Housing on 24 November 2011. It recommends that the estimate amount of shortfall relating to affordable housing obligation be recognised as a provision. The recognition of provision would result in the recognition of a corresponding asset in the form of common costs in the development of premium housing as included under Note 20 on Property Development Costs.

The currency exposure profile of trade and other payables, including retention sum are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Ringgit Malaysia | **304,280** | 454,142 | **5,391** | 12,768 |
| United States Dollar | **18,155** | 4,107 | **-** | - |
| Indonesian Rupiah | **4,249** | 2,751 | **-** | - |
| Singapore Dollar | **767** | - | **-** | - |
| Others | **413** | 32 | **-** | - |
| | **327,864** | 461,032 | **5,391** | 12,768 |

## 32. SHORT-TERM BORROWINGS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Unsecured:** | | | | |
| Revolving credit | **-** | 50,000 | **-** | 50,000 |
| **Secured:** | | | | |
| Foreign revolving credits | **2,542** | - | **-** | - |
| Local revolving credits | **-** | 11,500 | **-** | 6,000 |
| Local bankers acceptances | **1,480** | 170 | **-** | - |
| | **4,022** | 11,670 | **-** | 6,000 |
| **Total** | **4,022** | 61,670 | **-** | 56,000 |

**The Group**

As of 31 December 2011, the Group has unsecured and secured local revolving credit facilities from licensed banks of RMNil and RM12,500,000 (2010: RM50,000,000 and RM21,000,000) respectively.

The secured local revolving credit facilities are granted on legal charges over a piece of commercial land of a subsidiary company and are guaranteed by the Company.

The secured local bankers acceptances are granted on negative pledges over the present and future assets of certain subsidiary companies and are guaranteed by the Company.

The secured foreign revolving credit facilities obtained from foreign licensed banks totaling RM8,439,726 (2010: RM8,197,664) by a subsidiary company are secured by legal charges over leasehold land and buildings, plant, machinery and equipment, inventories and trade receivables of the said subsidiary company.

The borrowings bear interest at floating rates and their fair values approximate their carrying values at reporting date.

**The Company**

The Company has revolving credit facilities of RM6,000,000 (2010: RM56,000,000) obtained from local licensed bank. The facility is secured by a legal charge over a piece of commercial land of a subsidiary company.

During the financial year, the interest rates were in the following range:

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | 2010 |
| | **%** | **%** | **%** | **%** |
| Local revolving credits | **4.15 - 4.65** | 3.83 - 4.69 | **4.15 - 4.65** | 3.83 - 4.69 |
| Local bankers acceptances | **3.40 - 3.77** | 2.70 - 3.58 | - | - |
| Foreign revolving credits: | | | | |
| United States Dollar | **6.50** | - | - | - |
| Indonesian Rupiah | **11.00 - 12.00** | - | - | - |

## 33. BANK OVERDRAFTS

| | **The Group** | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| **Secured** | | |
| Foreign - Indonesian Rupiah | **150** | 74 |

The bank overdrafts bear interest at 11% (2010: 11%) per annum.

As of 31 December 2011, the Group has secured overdraft facilities from local and foreign licensed banks of RM4,500,000 (2010: RM6,681,889) and RM700,649 (2010: RM681,889) respectively.

The foreign bank overdrafts are secured by legal charges over certain property, plant and equipment, inventories and assignment over trade receivables of a subsidiary company.

## 34. CASH AND CASH EQUIVALENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Cash and bank balances | **24,230** | 25,690 | **311** | 97 |
| Project accounts | **133,001** | 69,344 | **-** | - |
| Deposits with licensed banks | **508,486** | 213,613 | **380,702** | 71,104 |
| Bank overdrafts | **(150)** | (74) | **-** | - |
| | **665,567** | 308,573 | **381,013** | 71,201 |
| Less: Deposits pledged as collateral | **(28,507)** | (50,000) | **-** | - |
| Deposits in Escrow Account | **(2,845)** | (12,094) | **-** | - |
| | **634,215** | 246,479 | **381,013** | 71,201 |

## 35. CONTINGENT LIABILITIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Corporate guarantees issued to financial institutions for credit facilities granted to subsidiary companies | **-** | - | **1,191,112** | 424,194 |
| Bank guarantees issued to third parties | **6,200** | 7,893 | **-** | - |
| | **6,200** | 7,893 | **1,191,112** | 424,194 |

**Material litigation**

On 19 December 2011, Grand Pavilion Development Sdn Bhd ("Grand Pavilion"), a wholly-owned subsidiary of the Company instituted legal proceedings against Asie Sdn Bhd ("Asie") and Usaha Nusantara Sdn Bhd ("Usaha Nusantara") in the High Court of Malaya at Kuala Lumpur via Civil Suit No. 22NCVC-1228-12/2011 ("the Suit"). The Suit essentially claims for specific performance of a condition precedent stipulated in a joint venture agreement dated 2 August 2011 entered into between Grand Pavilion, Asie and Usaha Nusantara. The Court has fixed a further case management on 4 April 2012 and trial dates on 28 May 2012 and 29 May 2012 respectively. The claim is not expected to have material adverse operational and financial impact on the Group.

Other than the above, in the ordinary course of business, certain companies within the Group are defendants in various legal actions for breach of contracts and claims for services rendered which have no material impact. In the opinion of the Directors, after taking appropriate legal advice, the outcomes of such actions are remote and therefore, no provisions have been made in the financial statements.

## 36. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy and optimal capital base in order to maintain investors, creditors and market confidence and to sustain future development of the business so that it can continue to maximize returns for shareholders and benefits for other stakeholders. The capital structure of the Group and the Company comprises of net debt (borrowings offset by deposit, cash and bank balances as detailed in Notes 23, 27, 28, 32 and 33 respectively) and equity (comprising issued capital, reserves and non-controlling interests as detailed in Notes 24 to 26).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce borrowings. No changes were made in the objectives, policies or processes during the year ended 31 December 2011.

### Net Gearing Ratio

The net gearing ratio at the end of the reporting period is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Total borrowings | **977,617** | 506,580 | **276,509** | 79,100 |
| Less: Deposit, cash and bank balances | **(665,717)** | (308,647) | **(381,013)** | (71,201) |
| Net debt/(Net cash) | **311,900** | 197,933 | **(104,504)** | 7,899 |
| Total equity | **1,088,489** | 936,456 | **672,836** | 608,050 |
| Net debt-to-equity ratio | **0.29** | 0.21 | **-** | 0.01 |

## Categories of Financial Instruments

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Financial assets** | | | | |
| **Loans and receivables:** | | | | |
| Trade and other receivables | **216,591** | 127,118 | **789,920** | 752,895 |
| Deposits, cash and bank balances | **665,717** | 308,647 | **381,013** | 71,201 |
| **Financial liabilities** | | | | |
| **At amortised costs:** | | | | |
| Trade and other payables | **427,321** | 513,941 | **326,801** | 243,075 |
| Loans and borrowings | **709,319** | 506,580 | **8,211** | 79,100 |
| Redeemable convertible secured bonds | **268,298** | - | **268,298** | - |
| Long-term and deferred payables | **7,015** | 257 | **-** | - |

## Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including market risk (which include foreign currency risk and interest rate risk), credit risk, liquidity and cash flow risk.

The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

### *Foreign currency risk management*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk as certain transactions are entered into by subsidiaries in currencies other than their functional currency.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | Change in currency rate % | Group Profit after tax RM'000 |
|---|---|---|
| **2011** | | |
| Rp/USD | **-3.0** | **+187** |
| Rp/USD | **+3.0** | **-187** |
| USD/RMB | **-3.0** | **-2,720** |
| USD/RMB | **+3.0** | **+2,720** |
| **2010** | | |
| Rp/USD | -3.0 | +92 |
| Rp/USD | +3.0 | -92 |
| USD/RMB | -3.0 | -2,836 |
| USD/RMB | +3.0 | +2,836 |

***Interest rate risk management***

The Group's exposure to interest rate risk arises primarily from their loans and borrowings. The interest rate management policy is aimed at optimizing net interest cost and reducing volatility.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit net of tax through the impact on interest expense on floating rate loans and borrowings.

| | Change in interest rate b.p.s. | Group Profit after tax RM'000 |
|---|---|---|
| **2011** | | |
| Cost of Fund | **-25** | **+1,323** |
| Cost of Fund | **+25** | **-1,323** |
| **2010** | | |
| Cost of Fund | -25 | +944 |
| Cost of Fund | +25 | -944 |

### *Credit risk management*

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group.

The Group is exposed to credit risk mainly from its customer base, including trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. Trade receivables are monitored on an ongoing basis by the Group's credit control department.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade and other receivables, deposits with license bank and cash and bank balances.

### *Liquidity risk management*

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations due to a shortage of funds.

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

| **2011** | **Within one year RM'000** | **One to five years RM'000** | **Over five years RM'000** | **Total RM'000** |
|---|---|---|---|---|
| **Group** | | | | |
| Trade and other payables | 431,266 | - | - | 431,266 |
| Loans and borrowings | 77,091 | 734,723 | 50,800 | 862,614 |
| Redeemable convertible secured bonds | 10,534 | 42,337 | 340,713 | 393,584 |
| Long term and deferred payables | - | 7,015 | - | 7,015 |
| Total undiscounted financial liabilities | 518,891 | 784,075 | 391,513 | 1,694,479 |

| 2011 | Within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| Trade and other payables | **326,801** | - | - | **326,801** |
| Loans and borrowings | **8,315** | - | - | **8,315** |
| Redeemable convertible secured bonds | **10,534** | **42,337** | **340,713** | **393,584** |
| Financial guarantee* | - | - | - | - |
| Total undiscounted financial liabilities | **345,650** | **42,337** | **340,713** | **728,700** |

| 2010 | Within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Trade and other payables | 516,627 | - | - | 516,627 |
| Loans and borrowings | 162,705 | 434,161 | 2,632 | 599,498 |
| Total undiscounted financial liabilities | 679,332 | 434,161 | 2,632 | 1,116,125 |
| **Company** | | | | |
| Trade and other payables | 243,075 | - | - | 243,075 |
| Loans and borrowings | 70,558 | 10,717 | - | 81,275 |
| Financial guarantee* | - | - | - | - |
| Total undiscounted financial liabilities | 313,633 | 10,717 | - | 324,350 |

* At the end of the reporting period, it was not probable that the counterparties to financial guarantee contracts will claim under the contract. Consequently, the amount included is RMNil.

**Fair Value**

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. The fair value of long-term financial assets and liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting date. There is no material difference between the fair values and carrying values of these assets and liabilities as of the reporting date. The Group's long-term loans other than the redeemable convertible secured bonds bear interest at floating rate and hence their carrying amount approximates fair value. The liability component of the redeemable convertible secured bonds is recognised initially at fair value and subsequently at amortised cost using effective interest method.

The fair value, together with the carrying amount of the redeemable convertible secured bonds shown in the statement of financial position is as follow:

| | The Group and The Company | | | |
|---|---|---|---|---|
| | **2011** | | 2010 | |
| | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Financial liabilities** | | | | |
| Redeemable convertible secured bonds | 268,298 | 271,327 | - | - |

37. **SEGMENT REPORTING**

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

| | | | |
|---|---|---|---|
| (i) | Properties | - | investment and development of residential, commercial and industrial properties |
| (ii) | Plastics | - | manufacture, assembly and sale of a range of plastic moulded products |
| (iii) | Investment holding and Others | - | investment holding operations and provision of management and property support services |

Inter-segment revenue comprise dividend income, interest charges and management fees which are undertaken on an arm's length basis.

Information regarding the Group's reportable segments is presented below:

(a) **Business Segments**

| 2011 | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External revenue | 1,363,711 | 202,610 | 4,375 | - | 1,570,696 |
| Inter-segment revenue | - | - | 133,941 | (133,941) | - |
| **Total revenue** | 1,363,711 | 202,610 | 138,316 | (133,941) | 1,570,696 |
| **Results** | | | | | |
| Operating profit | 240,283 | 16,331 | 107,177 | (132,290) | 231,501 |
| Interest income | | | | | 10,166 |
| Finance costs | | | | | (3,039) |
| Income tax | | | | | (69,991) |
| Profit for the financial year | | | | | 168,637 |
| **Other information** | | | | | |
| Additions to non-current assets | 18,020 | 25,729 | 128 | - | 43,877 |
| Depreciation and amortisation | 2,391 | 9,297 | 104 | - | 11,792 |
| **Assets and Liabilities** | | | | | |
| Segment assets | 2,192,311 | 144,407 | 480,677 | - | 2,817,395 |
| Current and deferred tax assets | | | | | 32,986 |
| Total assets | | | | | 2,850,381 |
| Segment liabilities | 1,369,450 | 59,048 | 294,062 | | 1,722,560 |
| Current and deferred tax liabilities | | | | | 39,332 |
| Total liabilities | | | | | 1,761,892 |

| | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---|---|---|---|
| **2010** | | | | | |
| **Revenue** | | | | | |
| External revenue | 924,434 | 183,586 | 2,088 | - | 1,110,108 |
| Inter-segment revenue | - | - | 34,903 | (34,903) | - |
| **Total revenue** | 924,434 | 183,586 | 36,991 | (34,903) | 1,110,108 |
| **Results** | | | | | |
| Operating profit | 180,844 | 17,502 | 4,276 | (26,229) | 176,393 |
| Interest income | | | | | 4,103 |
| Finance costs | | | | | (2,631) |
| Income tax | | | | | (49,462) |
| Profit for the financial year | | | | | 128,403 |
| **Other information** | | | | | |
| Additions to non-current assets | 2,827 | 15,704 | 58 | - | 18,589 |
| Depreciation and amortisation | 1,990 | 9,630 | 94 | - | 11,714 |
| **Assets and Liabilities** | | | | | |
| Segment assets | 1,900,577 | 116,777 | 165,175 | - | 2,182,529 |
| Current and deferred tax assets | | | | | 12,717 |
| Total assets | | | | | 2,195,246 |
| Segment liabilities | 1,090,258 | 44,977 | 100,661 | - | 1,235,896 |
| Current and deferred tax liabilities | | | | - | 22,894 |
| Total liabilities | | | | | 1,258,790 |

Segment assets consist of property, plant and equipment, prepaid lease payment, investment properties, land held for property development, intangible assets, inventories, property development cost, other current assets that are used in the operating activities of the segment and excluding current and deferred tax assets. Segment liabilities include borrowings, trade payables, other payables and accrued liabilities and exclude items such as tax payable and deferred tax liabilities. Additions to non current assets comprises additions to property, plant and equipment, investment properties and land held for property development.

(b) **Geographical Information**

With the exception of a manufacturing set up for plastics moulded products in Indonesia, the entire Group's active business operations are located in Malaysia.

The following is an analysis of the Group's external sales by location of customers, irrespective of the origin of the goods/services:

**Revenue by geographical market**

| | **The Group** | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| Malaysia | **1,434,203** | 962,128 |
| Indonesia | **86,008** | 80,474 |
| Other countries | **50,485** | 67,506 |
| | **1,570,696** | 1,110,108 |

The following is an analysis of the carrying amount of segment assets and capital expenditure by geographical areas in which the assets are located:

| | **Carrying amount of segment assets** | | **Carrying amount of capital expenditure** | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Malaysia | **2,658,237** | 2,045,475 | **19,293** | 17,129 |
| Indonesia | **62,727** | 43,844 | **11,580** | 1,460 |
| China | **96,431** | 93,210 | **-** | - |
| | **2,817,395** | 2,182,529 | **30,873** | 18,589 |

## 38. OPERATING LEASE COMMITMENTS

**As Lessee – for the lease of commercial buildings**

The future operating lease commitments for rental of commercial buildings (net of lease rentals receivable from sublease) contracted for as at reporting date but not recognised as liabilities are as follows:

| The Group | Lease rentals payable 2011 RM'000 | Lease rentals payable 2010 RM'000 | Lease rentals receivable 2011 RM'000 | Lease rentals receivable 2010 RM'000 | Net 2011 RM'000 | Net 2010 RM'000 |
|---|---|---|---|---|---|---|
| Less than one year | **41,909** | 36,093 | **(14,404)** | (6,037) | **27,505** | 30,056 |
| One to two years | **10,624** | 40,834 | **(3,676)** | (7,195) | **6,948** | 33,639 |
| More than two years | **-** | 7,430 | **-** | (1,434) | **-** | 5,996 |
| | **52,533** | 84,357 | **(18,080)** | (14,666) | **34,453** | 69,691 |
| Provision made during the year | | | | | **(11,800)** | - |
| | | | | | **22,653** | 69,691 |

The operating lease commitments are in respect of leaseback of commercial buildings sold en-bloc ie *The Icon, Jalan Tun Razak* and the Corporate Building Block of *Southgate Commercial Centre* from the purchasers at 7% and 8% per annum of the respective buildings' sale considerations. The lease is for a period of 3 and 2 years from the commencement date as set out in the respective leaseback agreements. Leaseback for *The Icon, Jalan Tun Razak* shall expire by December 2012. Leaseback for the Corporate Building Block of *Southgate Commercial Centre* has commenced since September 2011 and shall expire by August 2013.

During the financial year, the Group has recognised in the income statement leaseback rental amounting to RM33.6 million (2010: RM28.7 million) and rental income from sublease amounting to RM8.1 million (2010: RM1.1 million). The Group has also made a provision of RM11.8 million (2010: RMNil) for future lease commitments based on assessment of expected net outflows.

**As Lessor – for the lease of investment properties**

The Group leases out its investment properties. The future minimum lease receivable under non-cancellable leases are as follows:

| The Group | Lease rentals receivables 2011 RM'000 | 2010 RM'000 |
|---|---|---|
| Less than one year | **482** | - |
| One to two years | **398** | - |
| More than two years | **128** | - |
| | **1,008** | - |

## 39. CAPITAL COMMITMENTS

| | The Group 2011 RM'000 | 2010 RM'000 |
|---|---|---|
| Approved and contracted for: | | |
| - Joint Venture Agreement for a proposed joint development of land along Jalan Tun Razak, Kuala Lumpur | **100,204** | - |
| - Shares Sale Agreement to acquire entire equity interest in entity with development land in Rawang | **86,300** | - |
| - Acquisition of property, plant and equipment | **9,915** | 3,500 |
| - Purchase of development lands | **-** | 318,332 |
| | **196,419** | 321,832 |

## 40. RELATED PARTY DISCLOSURES

(a) Significant related party disclosures during the financial year are as follows:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| **Transactions with directors of the Company and subsidiary companies** | | |
| (i) Rental expenses paid to Principal View Sdn Bhd | **1,166** | 816 |
| (ii) Maintenance charges paid to Harian Madu Sdn Bhd | **104** | 138 |
| (iii) Sales of development properties to Directors of the Company and/or family member(s) | **3,097** | 3,121 |
| (iv) Sales of development properties to Directors of subsidiary companies and/or family member(s) | **529** | 6,153 |

**Related party and relationship**

| | Name of related party | Relationship |
|---|---|---|
| (i) | Principal View Sdn Bhd | - Company in which Tan Sri Dato' Sri Leong Hoy Kum has substantial financial interest |
| (ii) | Harian Madu Sdn Bhd | - Company in which the directors and shareholders are brothers-in-law to Tan Sri Dato' Sri Leong Hoy Kum |

(b) Key management personnel compensation

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Directors of the Company** | | | | |
| Directors' fees | **150** | 150 | **150** | 150 |
| Other emoluments | **10,193** | 9,407 | **10,193** | 9,407 |
| Benefits-in-kind | **129** | 133 | **129** | 133 |
| Total short-term employment benefits | **10,472** | 9,690 | **10,472** | 9,690 |
| Post employment benefits - EPF | **1,223** | 1,129 | **1,223** | 1,129 |
| Options under ESOS | **1,698** | 207 | **1,698** | 207 |
| | **13,393** | 11,026 | **13,393** | 11,026 |
| **Other key management personnel (including Directors of the subsidiary companies)** | | | | |
| Remuneration | **5,379** | 3,859 | **1,056** | 614 |
| Benefits-in-kind | **209** | 155 | **38** | 27 |
| Total short-term employment benefits | **5,588** | 4,014 | **1,094** | 641 |
| Post employment benefits - EPF | **633** | 454 | **125** | 74 |
| Options under ESOS | **2,140** | 260 | **315** | 38 |
| | **8,361** | 4,728 | **1,534** | 753 |
| Total Compensation | **21,754** | 15,754 | **14,927** | 11,779 |

Movements in share options granted under the ESOS to key management personnel during the financial year are as follows:

| | **2011** | 2010 |
|---|---|---|
| | **Unit '000** | Unit '000 |
| **Directors of the Company** | | |
| At 1 January | **10,800** | - |
| Granted | **-** | 10,800 |
| Exercised | **-** | - |
| At 31 December | **10,800** | 10,800 |

(Forward)

| | 2011<br>Unit '000 | 2010<br>Unit '000 |
|---|---|---|
| **Other key management personnel (including Directors of the subsidiary companies)** | | |
| At 1 January | **13,605** | 6 |
| Granted | **-** | 13,600 |
| Adjustment* | **-** | (1) |
| At 31 December | **13,605** | 13,605 |

* Adjustment pursuant to the bonus issue completed in 2010.

## 41. RETIREMENT BENEFIT OBLIGATIONS

A foreign subsidiary operates an unfunded defined retirement benefit scheme ("the Scheme") for its eligible employees.

The amounts recognised in the statement of financial position are determined as follows:

| | The Group | |
|---|---|---|
| | **2011**<br>**RM'000** | 2010<br>RM'000 |
| Present value of obligations | **4,406** | 2,914 |
| Unrecognised actuarial losses | **(1,457)** | (773) |
| Unrecognised past service cost – non-vested | **(121)** | (125) |
| | **2,828** | 2,016 |

The amounts recognised in the income statement are as follows:

| | The Group | |
|---|---|---|
| | **2011**<br>**RM'000** | 2010<br>RM'000 |
| Current service cost | **452** | 353 |
| Interest on obligation | **245** | 227 |
| Net actuarial losses recognised in financial year | **33** | 18 |
| Amortisation of past service cost – non-vested | **7** | 7 |
| Total included in staff cost (Note 8) | **737** | 605 |

Movements in the net liability in the current financial year are as follows:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **RM'000** | RM'000 |
| At 1 January | **2,016** | 1,555 |
| Currency translation differences | **85** | (123) |
| Benefit paid | **(10)** | (21) |
| Net amounts recognised in the income statements | **737** | 605 |
| At 31 December | **2,828** | 2,016 |

Principal actuarial assumptions used:

| | The Group | |
|---|---|---|
| | **2011** | 2010 |
| | **%** | % |
| Discount rate | **7.0** | 8.5 |
| Expected rate of salary increase | **10.0** | 10.0 |

## 42. SUBSEQUENT EVENTS

On 13 January 2012, the Company acquired the entire issued and paid-up share capital of Reputable Housing Development Sdn Bhd, a private limited company incorporated in Malaysia with an authorised share capital of 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, for a cash consideration of RM2.00.

On 15 February 2012, the Company completed the acquisition of the entire issued and paid-up share capital of Semai Meranti Sdn Bhd ("Semai Meranti"), a company incorporated in Malaysia comprising 1,800,000 ordinary shares of RM1.00 each for a cash consideration of RM57,000,000, resulting in Semai Meranti becoming a wholly owned subsidiary of the Company. Semai Meranti is the registered and beneficial owner of parcels of prime freehold land in Rawang measuring approximately 225.7 acres.

## 43. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 September 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profits or losses, pursuant to the directive, are as follows:

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Total retained earnings of the Group and the Company | | | | |
| - Realised | **498,520** | 390,549 | **97,214** | 70,483 |
| - Unrealised | **15,952** | 3,764 | **3,005** | (9,971) |
| | **514,472** | 394,313 | **100,219** | 60,512 |
| Total share of accumulated losses from associated company | | | | |
| - Realised | **(73)** | (73) | **-** | - |
| | **514,399** | 394,240 | **100,219** | 60,512 |
| Less: Consolidation adjustments | **(17,633)** | (18,690) | **-** | - |
| Total retained earnings as per statement of financial position | **496,766** | 375,550 | **100,219** | 60,512 |

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

Company No. 230149-P

**MAH SING GROUP BERHAD**
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS

We, Jen. Tan Sri Yaacob bin Mat Zain (R) and Tan Sri Dato' Sri Leong Hoy Kum, being two of the Directors of Mah Sing Group Berhad, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 109 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 110, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
In accordance with a resolution of the Board of Directors dated 28 February 2012.

**JEN. TAN SRI YAACOB BIN MAT ZAIN (R)**
Director

**TAN SRI DATO' SRI LEONG HOY KUM**
Director

## DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, Ng Poh Seng, being the Director primarily responsible for the financial management of Mah Sing Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 12 to 109 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**NG POH SENG**

Subscribed and solemnly declared at Kuala Lumpur this 28 February 2012.

Before me,

W 502
P. SAROJA

**COMMISSIONER FOR OATHS**

PESURUHJAYA SUMPAH
MALAYSIA

No.54, Ground Floor
Jalan Hang Kasturi
50050 Kuala Lumpur

# MAH SING GROUP BERHAD

Company No.: 230149-P

(Incorporated in Malaysia)

## Interim Financial Report

## 30 September 2012

# MAH SING GROUP BERHAD

Company No.: 230149-P
(Incorporated in Malaysia)

## Interim Financial Report - 30 September 2012


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Company No. 230149-P

**MAH SING GROUP BERHAD** (230149-P)
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
### As at 30 September 2012
*(The figures have not been audited)*

| | AS AT 30/9/2012 RM'000 | (AUDITED) AS AT 31/12/2011 RM'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current Assets** | | |
| *Property, plant and equipment* | **87,248** | 85,325 |
| *Prepaid lease payments* | **7,375** | 2,890 |
| *Investment properties* | **59,450** | 56,076 |
| *Land held for property development* | **71,869** | 71,869 |
| *Intangible assets* | **12,829** | 70 |
| *Deferred tax assets* | **51,965** | 27,457 |
| | **290,736** | 243,687 |
| **Current Assets** | | |
| *Property development costs* | **1,754,519** | 1,536,097 |
| *Inventories* | **38,315** | 43,781 |
| *Trade and other receivables* | **478,113** | 355,570 |
| *Current tax assets* | **5,598** | 5,529 |
| *Deposits, cash and bank balances* | **545,302** | 665,717 |
| | **2,821,847** | 2,606,694 |
| **TOTAL ASSETS** | **3,112,583** | 2,850,381 |
| **EQUITY AND LIABILITIES** | | |
| **Equity Attributable to Equity Holders of the Company** | | |
| *Share capital* | **419,486** | 415,936 |
| *Share premium* | **139,259** | 131,101 |
| *Other reserves* | **30,592** | 29,348 |
| *Retained earnings* | **597,386** | 496,766 |
| | **1,186,723** | 1,073,151 |
| **Non-controlling interests** | **10,150** | 15,338 |
| **Total Equity** | **1,196,873** | 1,088,489 |
| **Non-current Liabilities** | | |
| *Redeemable convertible bonds* | **276,474** | 268,298 |
| *Term loans* | **598,689** | 666,508 |
| *Long term and deferred payables* | **8,030** | 12,364 |
| *Deferred tax liabilities* | **22,372** | 6,888 |
| | **905,565** | 954,058 |
| **Current Liabilities** | | |
| *Trade and other payables* | **921,584** | 736,237 |
| *Term loans* | **16,745** | 34,981 |
| *Short term borrowings* | **8,100** | 4,022 |
| *Bank overdrafts* | **-** | 150 |
| *Current tax liabilities* | **63,716** | 32,444 |
| | **1,010,145** | 807,834 |
| **Total Liabilities** | **1,915,710** | 1,761,892 |
| **TOTAL EQUITY AND LIABILITIES** | **3,112,583** | 2,850,381 |
| **Net assets per share attributable to equity holders of the Company (RM)** | **1.41** | 1.29 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

Company No. 230149-P

**MAH SING GROUP BERHAD** (230149-P)
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENT
## For the financial period ended 30 September 2012
*(The figures have not been audited)*

| | | 3 months ended | | Period ended | |
|---|---|---|---|---|---|
| | | **30/9/2012** | 30/9/2011 | **30/9/2012** | 30/9/2011 |
| | | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Revenue | | **420,843** | 420,696 | **1,333,818** | 1,148,570 |
| Cost of sales | | **(297,486)** | (307,788) | **(948,070)** | (829,734) |
| Gross profit | | **123,357** | 112,908 | **385,748** | 318,836 |
| Other income | | **7,755** | 2,260 | **20,524** | 5,670 |
| Selling and marketing expenses | | **(18,460)** | (22,992) | **(54,623)** | (53,194) |
| Administrative expenses | | **(28,323)** | (23,795) | **(85,517)** | (68,432) |
| Other operating expenses | | **(9,043)** | (9,099) | **(27,259)** | (23,435) |
| Interest income | | **1,282** | 2,602 | **5,836** | 3,478 |
| Finance costs | | **(451)** | (658) | **(1,470)** | (1,523) |
| Profit before taxation | | **76,117** | 61,226 | **243,239** | 181,400 |
| Income tax expense | | **(19,833)** | (17,738) | **(66,825)** | (53,339) |
| Profit for the period | | **56,284** | 43,488 | **176,414** | 128,061 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | **55,232** | 43,224 | **175,218** | 127,524 |
| Non-controlling interests | | **1,052** | 264 | **1,196** | 537 |
| | | **56,284** | 43,488 | **176,414** | 128,061 |
| Earnings per share attributable to equity holders of the Company: | | | | | |
| - Basic (sen) | Note B13 | **6.61** | 5.20 | **21.01** | 15.34 |
| - Diluted (sen) | Note B13 | **6.50** | 4.99 | **20.69** | 14.91 |

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

**MAH SING GROUP BERHAD** (230149-P)
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
**For the financial period ended 30 September 2012**
*(The figures have not been audited)*

| | 3 months ended | | Period ended | |
|---|---|---|---|---|
| | **30/9/2012** | 30/9/2011 | **30/9/2012** | 30/9/2011 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Profit for the period | **56,284** | 43,488 | **176,414** | 128,061 |
| Foreign currency translation difference for foreign operations | **(1,180)** | 9,376 | **(991)** | 7,630 |
| Total comprehensive income for the period | **55,104** | 52,864 | **175,423** | 135,691 |
| | | | | |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | **54,439** | 52,316 | **174,599** | 134,764 |
| Non-controlling interests | **665** | 548 | **824** | 927 |
| | **55,104** | 52,864 | **175,423** | 135,691 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

**MAH SING GROUP BERHAD** (230149-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**For the financial period ended 30 September 2012**
*(The figures have not been audited)*

| | Attributable to equity holders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | Distributable | | | |
| **9 months ended 30 September 2012** | **Share capital** | **Share premium** | **Equity-settled employees benefit reserve** | **Exchange fluctuation reserve** | **Other reserve** | **Retained earnings** | **Total** | **Non-controlling interests** | **Total Equity** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Balance at 1/1/2012** | **415,936** | **131,101** | **8,451** | **3,768** | **17,129** | **496,766** | **1,073,151** | **15,338** | **1,088,489** |
| **Amount recognised directly in equity:** | | | | | | | | | |
| **Profit for the financial period** | **-** | **-** | **-** | **-** | **-** | **175,218** | **175,218** | **1,196** | **176,414** |
| **Other comprehensive income** | **-** | **-** | **-** | **(619)** | **-** | **-** | **(619)** | **(372)** | **(991)** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(619)** | **-** | **175,218** | **174,599** | **824** | **175,423** |
| **Recognition of share-based payment** | **-** | **-** | **3,916** | **-** | **-** | **-** | **3,916** | **-** | **3,916** |
| **Issuance of ordinary shares pursuant to ESOS exercised and ESOS lapsed** | **3,550** | **8,158** | **(2,053)** | **-** | **-** | **2,053** | **11,708** | **-** | **11,708** |
| **Dividends for the financial year ended 31 December 2011** | **-** | **-** | **-** | **-** | **-** | **(69,163)** | **(69,163)** | **-** | **(69,163)** |
| **Dividend paid to non-controlling interest** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(7,200)** | **(7,200)** |
| **Acquisition of the remaining interest from the non-controlling shareholders** | **-** | **-** | **-** | **-** | **-** | **(7,488)** | **(7,488)** | **1,188** | **(6,300)** |
| **Balance at 30/9/2012** | **419,486** | **139,259** | **10,314** | **3,149** | **17,129** | **597,386** | **1,186,723** | **10,150** | **1,196,873** |

| | Attributable to equity holders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Non-Distributable | | | | Distributable | | | |
| 9 months ended 30 September 2011 | Share capital | Share premium | Equity-settled employees benefit reserve | Exchange fluctuation reserve | Other reserve | Retained earnings | Total | Non-controlling interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1/1/2011 | 415,784 | 130,752 | 1,002 | (4,222) | - | 375,550 | 918,866 | 17,590 | 936,456 |
| Amount recognised directly in equity: | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | 127,524 | 127,524 | 537 | 128,061 |
| Other comprehensive income | - | - | - | 7,240 | - | - | 7,240 | 390 | 7,630 |
| Total comprehensive income for the period | - | - | - | 7,240 | - | 127,524 | 134,764 | 927 | 135,691 |
| Recognition of share-based payment | - | - | 7,149 | - | - | - | 7,149 | - | 7,149 |
| Equity component of convertible bonds | - | - | - | - | 17,259 | - | 17,259 | - | 17,259 |
| Issuance of ordinary shares pursuant to ESOS exercised and ESOS lapsed | 89 | 204 | (329) | - | - | 329 | 293 | - | 293 |
| Dividends for the financial year ended 31 December 2010 | - | - | - | - | - | (47,399) | (47,399) | | (47,399) |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | - | (2,700) | (2,700) |
| Balance at 30/9/2011 | 415,873 | 130,956 | 7,822 | 3,018 | 17,259 | 456,004 | 1,030,932 | 15,817 | 1,046,749 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

Company No. 230149-P

**MAH SING GROUP BERHAD** (230149-P)
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
**For the financial period ended 30 September 2012**
*(The figures have not been audited)*

| | **9 months ended 30/9/2012 RM'000** | 9 months ended 30/9/2011 RM'000 |
|---|---|---|
| **Operating Activities** | | |
| Profit before taxation | **243,239** | 181,400 |
| Adjustments for: | | |
| Non-cash items | **17,414** | 15,751 |
| Non-operating items | **663** | (4,806) |
| Operating profit before changes in working capital | **261,316** | 192,345 |
| Net change in inventories | **4,722** | 3,876 |
| Net change in payables | **149,802** | (121,700) |
| Net change in property development costs | **(171,760)** | (301,505) |
| Net change in receivables | **(57,038)** | 121,876 |
| Cash generated from/(used in) operations | **187,042** | (105,108) |
| Interest paid | **(24,788)** | (20,187) |
| Interest received | **12,985** | 6,329 |
| Tax paid | **(59,645)** | (37,012) |
| Net cash generated from/(used in) operating activities | **115,594** | (155,978) |
| **Investing Activities** | | |
| Acquisition of investment in a subsidiary | **(56,758)** | - |
| Additions to investment properties | **(3,374)** | - |
| Payment for acquisition of property, plant and equipment | **(18,309)** | (14,298) |
| Payment for acquisition of balance of equity in subsidiaries | **(5,568)** | (7,420) |
| Proceeds from disposal of property, plant and equipment | **662** | 103 |
| Net cash used in investing activities | **(83,347)** | (21,615) |
| **Financing Activities** | | |
| Dividends paid to non-controlling interests | **(7,200)** | (2,700) |
| Dividends paid to shareholders of the Company | **(69,163)** | (47,399) |
| Net (repayment of)/ proceeds from borrowings | **(82,479)** | 222,625 |
| Net withdrawal of deposits with licensed banks as collateral/ Escrow Account | **(14,675)** | (146,426) |
| Payment of bonds coupon | **(5,267)** | - |
| Payment of corporate exercise expenses | **-** | (2,685) |
| Proceeds from ESOS exercised | **11,708** | 293 |
| Proceeds from issuance of redeemable convertible bonds | **-** | 289,477 |
| Net cash (used in)/generated from financing activities | **(167,076)** | 313,185 |
| Net changes in cash and cash equivalents | **(134,829)** | 135,592 |
| Effect of exchange rate changes | **(111)** | 7,198 |
| Cash and cash equivalents at beginning of financial period | **634,215** | 246,479 |
| Cash and cash equivalents at end of financial period | **499,275** | 389,269 |

**MAH SING GROUP BERHAD** (230149-P)
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
## For the financial period ended 30 September 2012 (cont'd)

*(The figures have not been audited)*

| | 9 months ended 30/9/2012 RM'000 | 9 months ended 30/9/2011 RM'000 |
|---|---|---|
| Cash and cash equivalents at the end of the financial period comprise the following: | | |
| Deposits with licensed banks | **319,788** | 471,689 |
| Cash and bank balances | **225,514** | 126,100 |
| | **545,302** | 597,789 |
| Less: Deposits pledged as collateral | **(34,955)** | (205,517) |
| Less: Deposits in Escrow Account | **(11,072)** | (3,003) |
| | **499,275** | 389,269 |

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

## A Explanatory Notes

### A1 Basis of Preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard ("FRS") No. 134 : Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2011. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2011 save for the adoption of the following:

| | |
|---|---|
| FRS 124 (revised) | Related Party Disclosures |
| Amendment to FRS 7 | Financial Instruments: Disclosures - Transfers of Financial Assets |
| Amendment to FRS 112 | Income Taxes - Deferred Tax : Recovery of Underlying Assets |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |
| Amendment to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement |

The adoption of the above revised FRSs, amendments to FRSs and Interpretations does not have any material impact on the financial statements of the Group.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the new MFRS Framework by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2013.

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to extend their deferment on the adoption of MFRS Framework for another year. As such, the MFRS Framework will be mandotory for all companies for annual period beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group is currently reviewing its accounting policies to assess financial effects of the differences between the current FRSs and accounting standards under the MFRS Framework.

### A2 Seasonal or cyclical factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors during the financial period under review.

### A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial period under review.

### A4 Changes in estimates

There were no material changes in estimates for the financial period under review.

### A5 Debt and equity securities

For the financial period under review, there were no issuance and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares other than an increase in issued and paid up ordinary share capital from RM415,936,070 to RM419,486,155 by way of issuance of 7,100,170 new ordinary shares of RM0.50 each pursuant to exercise of employees share options.

### A6 Dividends paid

On 26 September 2012, the Company paid a first and final dividend of 11.0 sen per ordinary share of RM 0.50 each, less income tax of 25% amounting to RM69,163,392 in respect of the financial year ended 31 December 2011.

### A7 Segment reporting

**Period ended 30 September 2012**

| | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| **External revenue** | **1,172,640** | **153,494** | **7,684** | **-** | **1,333,818** |
| **Inter-segment** | **-** | **-** | **84,588** | **(84,588)** | **-** |
| **Total revenue** | **1,172,640** | **153,494** | **92,272** | **(84,588)** | **1,333,818** |
| | | | | | |
| **RESULTS** | | | | | |
| **Operating profit** | **232,436** | **10,762** | **79,813** | **(84,138)** | **238,873** |
| **Interest income** | | | | | **5,836** |
| **Finance costs** | | | | | **(1,470)** |
| **Income tax** | | | | | **(66,825)** |
| **Profit for the period** | | | | | **176,414** |
| | | | | | |
| **OTHER INFORMATION** | | | | | |
| **Capital expenditure** | **3,012** | **15,900** | **446** | **-** | **19,358** |
| **Depreciation and amortisation** | **4,608** | **7,072** | **114** | **-** | **11,794** |

Period ended 30 September 2011

| | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| REVENUE | | | | | |
| External revenue | 993,578 | 150,975 | 4,017 | - | 1,148,570 |
| Inter-segment | - | - | 99,937 | (99,937) | - |
| Total revenue | 993,578 | 150,975 | 103,954 | (99,937) | 1,148,570 |
| | | | | | |
| RESULTS | | | | | |
| Operating profit | 185,518 | 14,049 | 83,468 | (103,590) | 179,445 |
| Interest income | | | | | 3,478 |
| Finance costs | | | | | (1,523) |
| Income tax | | | | | (53,339) |
| Profit for the period | | | | | 128,061 |
| | | | | | |
| OTHER INFORMATION | | | | | |
| Capital expenditure | 3,098 | 15,500 | 94 | - | 18,692 |
| Depreciation and amortisation | 1,711 | 6,146 | 72 | - | 7,929 |

## A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the balance sheet date up to 12 November 2012, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

## A9 Significant Related Party Transactions

Transactions with directors of the Company and subsidiary companies and companies in which they have interests:

| | | **01/1/2012 to 30/9/2012 RM'000** |
|---|---|---|
| (i) | Rental paid to a Company in which a Director has interest | 917 |
| (ii) | Maintenance services rendered from a Company in which the Directors are family members of a Director of the Company | 52 |
| (iii) | Sales of development properties to a Director of subsidiary companies | 1,035 |
| (iv) | Sales of development properties to director of subsidiary company and/or family members | 3,094 |

**A10 Changes in the composition of the Group**

There were no changes in the composition of the Group for the financial period except for the following:

1) On 13 January 2012, the Company acquired the entire issued and paid-up share capital of Reputable Housing Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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, for a cash consideration of RM2.00.

2) On 15 February 2012, the Company completed the acquisition of the entire issued and paid-up share capital of Semai Meranti Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which 1,800,000 ordinary shares of RM1.00 each have been issued and fully paid-up, for a cash consideration of RM57,000,000.

3) On 25 April 2012, the Company acquired the entire issued and paid-up share capital of Tropika Istimewa Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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, for a cash consideration of RM2.00.

4) On 15 May 2012, the Company acquired the entire issued and paid-up share capital of Nova Indah Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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, for a cash consideration of RM2.00.

5) On 18 May 2012, the Company acquired the entire issued and paid-up share capital of Tristar Acres Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of 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, for a cash consideration of RM2.00.

6) On 10 August 2012, the Company acquired the remaining 30% equity interest in both Vienna Home Sdn Bhd ("Vienna Home") and Enrich Property Development Sdn Bhd ("Enrich") for a total consideration of RM6,000,000 and RM300,000 respectively, resulting in both Vienna Home and Enrich becoming wholly-owned subsidiaries of the Company.

**A11 Changes in contingent liabilities or contingent assets**

There were no contingent assets. Contingent liabilities of the Group are as follows:

| | **30/9/2012** | 31/12/2011 |
|---|---|---|
| | **RM'000** | RM'000 |
| Bank guarantees issued in favour of third parties | **10,118** | 6,200 |
| Corporate guarantee issued in favour of a third party | **2,000** | - |
| | **12,118** | 6,200 |

## A12 Capital Commitments

| | 30/9/2012 RM'000 |
|---|---|
| Contractual commitment in relation to: | |
| - Proposed acquisition of lands in Bandar Baru Bangi | 299,719 |
| - Joint Venture Agreement for proposed joint development of land along Jalan Tun Razak | 100,204* |
| - Joint Development Agreement for proposed joint development of land in Kota Kinabalu | 20,000^ |
| Commitment for acquisition of property, plant and equipment | |
| - Approved and contracted | 15,742 |
| | 435,665 |

* Cash portion is RM57.56 million and the remainder is to be satisfied by way of issuance of shares in a subsidiary.

^ Cash portion is RM6.0 million and the remainder is to be satisfied by way of properties contra.

## A13 Operating Lease Commitments

**As Lessee - for the lease of commercial buildings**

The future operating lease commitments for rental of commercial buildings (net of lease rentals receivable from sublease) contracted for as at balance sheet date but not recognised as liabilities are as follows:

| | Lease rentals payable | | Lease rentals receivable | | Net | |
|---|---|---|---|---|---|---|
| | **30/9/2012 RM'000** | 31/12/2011 RM'000 | **30/9/2012 RM'000** | 31/12/2011 RM'000 | **30/9/2012 RM'000** | 31/12/2011 RM'000 |
| Less than one year | **18,226** | 41,909 | **(10,358)** | (14,404) | **7,868** | 27,505 |
| One to two years | **-** | 10,624 | **-** | (3,676) | **-** | 6,948 |
| | **18,226** | 52,533 | **(10,358)** | (18,080) | **7,868** | 34,453 |
| | | | | Provision | **(6,306)** | (11,800) |
| | | | | | **1,562** | 22,653 |

The operating lease commitments are in respect of leaseback of commercial buildings sold en-bloc ie ***The Icon, Jalan Tun Razak*** and the Corporate Building Block of ***Southgate Commercial Centre*** from the purchasers at 7% and 8% per annum of the respective buildings' sale considerations. The lease is for a period of 3 and 2 years from the commencement date as set out in the respective leaseback agreements. Leaseback for West Wing of ***The Icon, Jalan Tun Razak*** has expired in October 2012, and the East Wing shall expire by December 2012. Leaseback for the Corporate Building Block of ***Southgate Commercial Centre*** has commenced since September 2011 and shall expire by August 2013.

During the financial period, the Group has recognised in the income statement leaseback rental amounting to RM27.3 million (2011: RM23.4 million) and rental income from sublease amounting to RM15.9 million (2011: RM4.5 million).

**As Lessor - for the lease of investment properties**

The Group leases out its investment properties. The future minimum lease receivable under non-cancellable leases are as follow:-

| | Lease rentals receivable 30/9/2012 RM'000 |
|---|---|
| Less than one year | 337 |
| One to two years | 181 |
| | 518 |

## B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### B1 Review of Group performance

The Group recorded strong revenue and net profit of RM1.3 billion and RM175.2 million for the nine months ended 30 September 2012. This represents improvement in revenue and net profit of 16% and 37% respectively over the corresponding period in the previous year. The current quarter net profit soared to RM55.2 million which represents a 28% quarter-on-quarter improvement on the back of RM420.8 million in revenue.

Basic earnings per share were up 37% to 21.0 sen for the nine months ended 30 September 2012.

Balance sheets remained strong, with high cash pile at RM545.3 million and net gearing at 0.30 as at 30 September 2012.

**Property development**

Revenue from property development improved by 18% to RM1.2 billion against the corresponding period in the previous year.

Projects that contributed to revenue and profit include ***Kinrara Residence*** in Puchong, ***Garden Residence***, ***Clover @ Garden Residence*** and ***Garden Plaza*** in Cyberjaya, ***M-Suites*** and ***M-City*** in Jalan Ampang, ***Icon City*** in Petaling Jaya, ***Aman Perdana*** in Meru - Shah Alam, ***Perdana Residence 2*** in Selayang, ***Icon Residence*** in Mont' Kiara, ***M Residence*** *in Rawang* and ***One Legend, Hijauan Residence*** in Cheras. Commercial projects are ***Star Avenue @ D'sara***, ***StarParc Point*** in Setapak, ***Southgate Commercial Centre*** in Sungai Besi and industrial projects ***i-Parc 1, i-Parc 3*** in Bukit Jelutong and ***i-Parc 2*** in Shah Alam. Projects in Johor Bahru, ***Sierra Perdana, Sri Pulai Perdana 2*** and ***Austin Perdana*** also contributed to the Group's performance. Other than ***Residence @ Southbay*** and ***Legenda @ Southbay,*** contribution from Penang Island projects is expected to gain further momentum in the coming quarters following the successful launch of Southbay Plaza at ***Southbay City*** *and the preview of the* ***Ferringhi Residence***.

Property development margin improved compared to the previous year due mainly to changes in property mix.

The four land deals secured year-to-date further strengthened the Group's land bank by approximately RM5.88 billion in potential Gross Development Value (GDV). ***The Meridin @ Medini*** in Iskandar Malaysia has GDV of approximately RM1.1 billion. ***M Residence 2 @ Rawang*** acquired to tap spillover demand from ***M Residence @ Rawang*** has potential GDV of approximately RM650 million. GDV of ***SouthVille City*** has been enhanced to approximately RM3.63 billion and ***Sutera Avenue*** to approximately RM502 million as a result of improved product planning.

**Plastics**

Plastics segment continued to contribute positively to group revenue and profit. Whilst revenue grew marginally by 2% to RM153.5 million, profit margin was affected by foreign exchange difference and higher staff costs as a result of minimum wage ruling in Indonesia.

**Investment holding & Others**

Revenue and profit for the segment comprise mainly of interest income from funds placement.

### B2 Material change in quarterly results compared with the immediate preceding quarter

The lower current quarter profit before taxation compared to the immediate preceding quarter was due mainly to fluctuation in percentage of completion of development activities for certain property projects.

## B3 Prospects for the current financial year

In September, the Group paid RM69.2 million cash dividends to shareholders, marking the 6th consecutive year the Group delivered on its commitment of above 40% dividend payout. The Group was able to reward shareholders during these years in parallel with uninterrupted profit growth as well as continuous re-investing for landbank expansion.

Locked-in but unbilled sales position continued to advance to approximately RM2.95 billion as at 30 September 2012. The strong unbilled sales position provides certainty to cash flows and liquidity and visibility over near term performance. The well-diversified product portfolio at different high growth locations exposes the group to wide segments of market and allows flexibility to react quickly to demand shifts. The Group's unbilled sales combined with remaining GDV from its projects and land deals (including ***M Sentral*** and the latest ***Meridin @ Medini***) is estimated at more than RM20 billion.

With approximately RM2.2 billion sales secured as at 15 November 2012, the Group is well on-track to achieve its 2012 full year sales target of RM2.5 billion. The strength of its project portfolio and the overwhelming registration of interests for its new projects provided the Group with confidence that it is well positioned to set a new record sales target of at least RM3 billion for year 2013.

## B4 Profit forecast

Not applicable as the Group has not issued profit forecast or profit guarantee in a public document.

## B5 Income tax expense

| | **3 months ended** | | **Period ended** | |
|---|---|---|---|---|
| | **30/9/2012** | 30/9/2011 | **30/9/2012** | 30/9/2011 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Current tax: | | | | |
| Malaysian income tax | **38,386** | 29,099 | **90,295** | 67,983 |
| Foreign tax | **46** | 139 | **574** | 1,556 |
| | **38,432** | 29,238 | **90,869** | 69,539 |
| Deferred taxation: | | | | |
| Malaysian deferred tax | **(18,599)** | (11,500) | **(24,044)** | (16,200) |
| | **19,833** | 17,738 | **66,825** | 53,339 |

The Group's effective tax rate for the current financial period is higher than the statutory tax rate of 25% mainly due to higher non-tax deductible expenses and non-recognition of deferred tax assets for certain temporary differences.

**B6 Status of corporate proposals**

The following corporate proposals announced by the Company have not been completed as at 12 November 2012 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

1) On 5 July 2010, the Company's wholly-owned subsidiary, Grand Prestige Development Sdn Bhd ("Grand Prestige") entered into a Joint Venture Agreement ("JVA") with Medan Damai Sdn Bhd ("Medan Damai") for the joint development of a piece of residential land in Kinrara with total gross area measuring approximately 13.2 acres (net aggregate area of 7.59 acres) in Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan ("Kinrara Land"). Under the terms of the JVA, Medan Damai shall grant Grand Prestige the exclusive rights to continue with the sales and development of the Kinrara Land and in return for an entitlement sum of RM35,403,863.85.

2) On 2 August 2011, the Company's wholly-owned subsidiary, Grand Pavilion Development Sdn Bhd ("Grand Pavilion") entered into a Joint Venture Agreement ("JVA") with Asie Sdn Bhd ("Asie") and Usaha Nusantara Sdn Bhd ("Usaha Nusantara"), a wholly-owned subsidiary of Asie, for the proposed joint development of a parcel of prime leasehold land situated along Jalan Tun Razak measuring approximately 4.08 acres ("JV Land"). Under the terms of the JVA, Usaha Nusantara shall grant Grand Pavilion the sole and absolute right to undertake the development of the JV Land for an entitlement of RM106.60 million to be settled 60% in cash (RM63.96 million) and 40% by way of issuance of shares in the share capital of Grand Pavilion.

   As disclosed in Note B8, Grand Pavilion has instituted legal proceedings against Asie and Usaha Nusantara in the High Court of Malaya at Kuala Lumpur via Civil Suit No. 22NCVC-1228-12/2011.

3) On 26 March 2012, the Company's wholly-owned subsidiary, Capitol Avenue Development Sdn Bhd ("Capitol Avenue") entered into a Joint Development Agreement ("Agreement") with Paduan Hebat Sdn Bhd ("Paduan Hebat") for the proposed joint development of a parcel of prime leasehold commercial land measuring approximately 4.26 acres ("Land") in Kota Kinabalu, Negeri Sabah. Under the terms of the Agreement, Paduan Hebat agrees with Capitol Avenue to jointly develop the Land for an entitlement of RM39 million or approximately RM210 per square foot.

   Capitol Avenue is also granted an exclusive option to jointly develop with Paduan Hebat in respect of further two parcels of adjacent commercial land measuring approximately 4.408 acres ("Option Land") at an entitlement price of RM216 per square foot or approximately RM41.5 million. The option is exercisable by Capitol Avenue within six months from the date of the Agreement.

   On 12 October 2012, Capitol Avenue and Paduan Hebat had mutually agreed to extend the option period for the Option Land for a period of two (2) months from 26 September 2012.

4) On 21 May 2012, the Company's wholly-owned subsidiary, Tristar Acres Sdn Bhd ("Tristar") entered into a sale and purchase agreement ("SPA") with Boon Siew Development Sdn Bhd ("Boon Siew") for the proposed acquisition of 8 parcels of adjacent freehold land with a total net area measuring approximately 408.243 acres ("Lands"), all located in Bandar Baru Bangi for a total cash consideration of RM330,765,010.49 or RM18.60 per square foot.

   Tristar and Boon Siew had via the exchange of their respective solicitors' letters dated 19 June 2012 and 22 June 2012 agreed to adjust the total land area in relation to the Lands from 408.243 acres to 407.997 acres and the total cash consideration of the proposed acquisition of Lands from RM330,765,010.49 to RM330,565,697.35 in accordance with Section 3.04 of the Lands SPA.

   Further, on 21 May 2012, Tristar also entered into another sale and purchase agreement with Wong Hong Foi @ Ho Hea Sia for the purchase of a piece of leasehold land measuring approximately 4.122 acres ("Small Parcel Land"), for a total cash consideration of RM2,477,679.95 or RM13.80 per square foot. The Small Parcel Land is contiguous with the Lands.

   On 1 October 2012, the proposed acquisition of Small Parcel Land has been completed.

5) On 18 October 2012, the Company's wholly-owned subsidiary, Tropika Istimewa Development Sdn Bhd entered into a Lease Purchase Agreement ("Agreement") with Medini Land Sdn Bhd to acquire the lease over two (2) parcels of contingious prime land in Medini, Iskandar Malaysia, all in Mukim Pulai, Daerah Johor Bahru, State of Johor with agreed gross floor area of 2,140,538.40 square feet for a total lease consideration of RM74,717,596.80 or approximately RM34.906 per square foot gross floor area.

The conditions precedent of the Agreement has been fulfilled on 18 October 2012.

## B7 Group borrowings

Total group borrowings as at 30 September 2012 were as follows:

| | Secured RM'000 | Secured RM'000 | Secured RM'000 | Total RM'000 |
|---|---|---|---|---|
| ***(Denominated in)*** | ***(RM)*** | ***(Indonesian Rupiah)*** | ***(USD)*** | |
| Redeemable convertible bonds | | | | |
| - after 12 months | 276,474 | - | - | 276,474 |
| Term loans payable | | | | |
| - within 12 months | 16,267 | 478 | - | 16,745 |
| - after 12 months | 584,687 | 14,002 | - | 598,689 |
| | 600,954 | 14,480 | - | 615,434 |
| Short term borrowings | 5,500 | - | 2,600 | 8,100 |
| Finance lease and hire purchase | | | | |
| - within 12 months | 1,180 | - | - | 1,180 |
| - after 12 months | 2,614 | - | - | 2,614 |
| | 3,794 | - | - | 3,794 |
| Total | 886,722 | 14,480 | 2,600 | 903,802 |

## B8 Material litigation

On 19 December 2011, Grand Pavilion Development Sdn Bhd ("Grand Pavilion"), a wholly-owned subsidiary of the Company instituted legal proceedings against Asie Sdn Bhd ("Asie") and Usaha Nusantara Sdn Bhd ("Usaha Nusantara") in the High Court of Malaya at Kuala Lumpur via Civil Suit No. 22NCVC-1228-12/2011 ("the Suit"). The Suit essentially claims for specific performance of a condition precedent stipulated in a Joint Venture Agreement dated 2 August 2011 entered into between Grand Pavilion, Asie and Usaha Nusantara. The High Court had on 16 November 2012 dismissed Grand Pavilion's claim with costs to be decided. Grand Pavilion has one month from the date of the decision to appeal to the Court of Appeal against the High Court's decision. Grand Pavilion will deliberate on the next course of action to be taken.

## B9 Derivatives Financial Instrument

Foreign currency forward contracts were entered into by a subsidiary within the Group to manage its exposure against adverse fluctuations in foreign currency risks as a results of transactions denominated in currencies other than the functional currency of the subsidiary.

These derivatives are stated at fair value, using the prevailing market rates and any changes in fair value of these derivatives during the period are taken directly to the income statement. Accordingly, a gain of RM238,000 was recognised in the income statement for the period ended 30 September 2012.

As at 30 Septermber 2012, there were no outstanding foreign currency forward contracts.

**B10 Realised and unrealised earnings or losses disclosure**

The retained earnings as at 30 September 2012 and 31 December 2011 were analysed as follows:

| | 30/9/2012 RM'000 | 31/12/2011 RM'000 |
|---|---|---|
| Total retained earnings of the Group | | |
| - Realised | **554,237** | 498,520 |
| - Unrealised | **47,529** | 15,952 |
| | **601,766** | 514,472 |
| Total share of accumulated losses from associated company | | |
| - Realised | **(73)** | (73) |
| | **601,693** | 514,399 |
| Less: Consolidation adjustments | **(4,307)** | (17,633) |
| Total group retained earnings as per consolidated accounts | **597,386** | 496,766 |

**B11 Additional disclosures pursuant to para 16, Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements**

| | Period ended 30/9/2012 RM'000 |
|---|---|
| Depreciation and amortisation | (11,794) |
| Allowance for doubtful debts - trade receivables | (4) |
| Allowance for slow moving inventories | (493) |
| Amortisation and impairment of intangible assets | (139) |
| Reversal of allowance for doubtful debts - trade receivables | 135 |
| Reversal of impairment of property, plant and equipment | 4 |
| Gain on foreign forward exchange contracts | 238 |
| Net foreign exchange loss | (4,225) |

Other than the items above which have been included in the income statement, there were no gain/(loss) on disposal of quoted or unquoted investments and exceptional items affecting the results for the current financial period ended 30 September 2012.

**B12 Dividend proposed**

No dividend has been proposed for the third quarter ended 30 September 2012.

**B13 Earnings per share ("EPS")**

**(a) Basic EPS**

The basic earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares in issue.

| | 3 months ended | | Period ended | |
|---|---|---|---|---|
| | **30/9/2012** | 30/9/2011 | **30/9/2012** | 30/9/2011 |
| Net profit for the period (RM'000) | **55,232** | 43,224 | **175,218** | 127,524 |
| Weighted average number of ordinary shares in issue ('000) | **835,859** | 831,590 | **833,873** | 831,576 |
| Basic EPS (sen) | **6.61** | 5.20 | **21.01** | 15.34 |

**(b) Diluted EPS**

The diluted earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares that would have been in issue assuming full exercise of the remaining options under the ESOS and conversion of bonds, adjusted for the number of such ordinary shares that would have been issued at fair value.

| | 3 months ended | | Period ended | |
|---|---|---|---|---|
| | **30/9/2012** | 30/9/2011 | **30/9/2012** | 30/9/2011 |
| Net profit for the period (RM'000) | **55,232** | 43,224 | **175,218** | 127,524 |
| Weighted average number of ordinary shares in issue ('000) | **835,859** | 831,590 | **833,873** | 831,576 |
| Weighted average number of ordinary shares shares deemed issued at no consideration ('000) | | | | |
| ESOS | **10,907** | 15,395 | **10,474** | 15,638 |
| Bonds conversion | **2,361** | 19,519 | **2,361** | 8,050 |
| Adjusted weighted average number of ordinary shares ('000) | **849,127** | 866,504 | **846,708** | 855,264 |
| Diluted EPS (sen) | **6.50** | 4.99 | **20.69** | 14.91 |

**B14 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not subject to any qualification.

**B15 Comparative figures**

Comparative figures, where applicable, have been modified to conform to the current period presentation.

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
19 November 2012

**Mah Sing Group Berhad**
(230149 P)
**Corporate Head Office**
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**DIRECTORS' REPORT**

**Registered Office:**

Penthouse Suite 1
Wisma Mah Sing
No. 163, Jalan Sungai Besi
57100 Kuala Lumpur

Date: 18 FEB 2013

**To: The Entitled Shareholders of Mah Sing Group Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of Mah Sing Group Berhad ("**Mah Sing**" or "**the Company**") ("**Board**"), I wish to report that, after due enquiries by us in relation to the interval between the period of 31 December 2011 (being the date to which the latest audited consolidated financial statements have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the issuance of this Abridged Prospectus):

(a) the business of the Company and its subsidiary companies ("Group") has, in the opinion of the Board, been satisfactorily maintained;

(b) there have not been, in the opinion of the Board and since the last audited financial statements of our Group, any circumstances arisen which have adversely affected the trading, or the value of the assets of our Group;

(c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed under Section 9.3 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) there have not been, since the latest audited financial statements of our Group, any default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group, in which the Board is aware of;

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited financial statements of our Group; and

(g) as disclosed above and up to the date of this letter, no other reports are required in relation to the items (a) to (f) above.

Yours faithfully,
For and on behalf of the Board of Directors of
**MAH SING GROUP BERHAD**

**DATO' STEVEN NG POH SENG**
Executive Director

## FURTHER INFORMATION

### 1. SHARE CAPITAL

(i) Save for the new Mah Sing Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of issue of this Abridged Prospectus.

(ii) Save as disclosed below, no person has been, is or would be entitled to be granted an option to subscribe for any securities in our Company as at the LPD:

(a) Pursuant to the Rights Issue with Warrants, our Entitled Shareholders will be provisionally allotted with the Rights Shares and Warrants.

(b) Under our ESOS, the eligible employees of Mah Sing may be granted Options to subscribe for new Mah Sing Shares up to but not exceeding ten per cent (10%) of the total issued and paid-up share capital of Mah Sing at any time during the ESOS. As at the LPD, 50,257,210 Options are outstanding. The breakdown of the Options as at the LPD are as follows:

(aa) 43,330 Options exercisable at an exercise price of RM0.64;
(bb) 37,536,180 Options exercisable at an exercise price of RM1.65; and
(cc) 12,677,700 Options exercisable at an exercise price of RM1.92.

The number of Options and the exercise price of the Options may be subject to adjustments in accordance to the by-laws of our ESOS. The Options are exerciseable up to the expiry of the ESOS on 10 July 2014.

(c) The holders of our Convertible Bonds which hold the RM325 million nominal value or any part thereof. The Convertible Bonds shall be convertible into up to 155,502,392 new Mah Sing Shares at a conversion price of RM2.09, subject to adjustments in accordance to the Trust Deed dated 8 June 2011.

### 2. ARTICLES OF ASSOCIATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

**Article 110**

The fees of the directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the directors as they may agree, or, failing agreement, equally, expect that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

(a) fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(b) salaries payable to executive directors may not include a commission on or percentage of turnover;

(c) fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(d) any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.

**Article 111**

(1) The directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as directors.

(2) If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of directors, the directors may pay him special remuneration, in addition to his director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged Provided Always that extra remuneration payable to:-

(a) a non-executive director shall not be by a commission on or percentage of profits or turnover;

(b) an executive director shall not include a commission or percentage of turnover.

**Article 119**

A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine. No director or intending director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established provided always that Section 131 and 132E and all other relevant provisions of the Act and these Articles are complied with.

**Article 140**

The remuneration of the Managing Director shall subject to the terms of any agreement entered into in any particular case and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

## 3. CONSENTS

Our Joint Principal Advisers, Managing Underwriter, Joint Underwriters, Principal Bankers, Share Registrar and Solicitors for the Rights Issue with Warrants have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Deloitte KassimChan, our Auditors and Reporting Accountants has given and has not subsequently withdrawn its written consent for the inclusion of its name, letter relating to our proforma consolidated statement of financial position as at 31 December 2011 and report relating to our audited consolidated financial statements for the FYE 31 December 2011 respectively, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg (Malaysia) Sdn Bhd has given and has not subsequently withdrawn its written consents for the inclusion of its name and/or citation of the market data compiled by them, in the form and context in which they appear in this Abridged Prospectus.

## 4. MATERIAL CONTRACTS

Save as disclosed below or in Section 7 of this Appendix and the Underwriting Agreement, we confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past 2 years immediately preceding the date of issuance of this Abridged Prospectus:

(i) On 18 October 2012, our Company's wholly-owned subsidiary, Tropika Istimewa Development Sdn Bhd entered into a lease purchase agreement with Medini Land Sdn Bhd to acquire the lease over 2 parcels of contiguous prime land in Medini, Iskandar Malaysia, all in Mukim Pulai, Daerah Johor Bahru, State of Johor with agreed gross floor area of 2,140,538.40 square feet for a total lease consideration of RM74,717,596.80 or approximately RM34.906 per square foot gross floor area, to be settled in cash.

(ii) On 26 March 2012, our Company's wholly-owned subsidiary, Capitol Avenue Development Sdn Bhd ("**Capitol Avenue**") entered into a joint development agreement ("**JDA**") with Paduan Hebat Sdn Bhd ("**Paduan Hebat**") for the proposed joint development of a parcel of prime leasehold commercial land measuring approximately 4.26 acres ("**JDA Land**") in Kota Kinabalu, Negeri Sabah. Under the terms of the JDA, Paduan Hebat agrees with Capitol Avenue to jointly develop the JDA Land for an entitlement of RM39.0 million or approximately RM210.00 per square foot. RM25 million of the entitlement for the JDA Land shall be satisfied by way of cash and the remaining balance shall be settled by way of conveyance of such number of unit(s) which shall be developed on the JDA Land with total value equivalent to RM14 million or such other lesser sum as may be adjusted in accordance with the provisions of the JDA.

(iii) On 29 February 2012, the Company's wholly-owned subsidiaries, Major Land Development Sdn Bhd ("**Major Land**") and Elite Park Development Sdn Bhd ("**Elite Park**") entered into separate sale and purchase agreements with the respective vendors as detailed hereunder for the acquisition of 2 parcels of adjacent land measuring approximately 157 acres (63.4 hectares) in aggregate gross area, all in Bandar Kundang, Daerah Gombak, Negeri Selangor for a total cash consideration of RM40,945,914 or approximately RM6.00 per square foot ("**Land Acquisition**"):

(a) A sale and purchase agreement between Major Land and Vibrant Domain Sdn Bhd for the acquisition of all that piece of leasehold land held under HSD 69835 PT. 2104, Bandar Kundang, Daerah Gombak, Negeri Selangor Darul Ehsan measuring approximately 31.9 hectares (79 acres) for a total cash consideration of RM20,602,122; and

(b) Another sale and purchase agreement between Elite Park and Topaz Best Sdn Bhd for the acquisition of all that piece of leasehold land held under PN 91816 Lot 24673, Bandar Kundang, Daerah Gombak, Negeri Selangor Darul Ehsan measuring approximately 31.5 hectares (78 acres) for a total cash consideration of RM20,343,792.

(iv) Mah Sing had, on 5 October 2011 executed a share sale agreement with Chin Nyok Kien @ Ching Nyok Kien, Ng Lam Shen & Tham Yik Seng for the acquisition of 100% of the equity interest in Semai Meranti Sdn Bhd ("**SMSB**") comprising 1,800,000 ordinary shares of RM1.00 each in SMSB for a total cash purchase consideration of RM57,000,000.00. SMSB is the legal and beneficial owner of the following lands held under:

(a) Geran No. Hakmilik: 50134, Lot 1950;
(b) Geran No. Hakmilik: 50667, Lot 1316 and Lot 1952; and
(c) Geran No. Hakmilik: 50029, Lot 1266,

all in Mukim Rawang, Daerah Gombak, Negeri Selangor.

(v) On 2 August 2011, the Company's wholly-owned subsidiary, Grand Pavilion Development Sdn Bhd ("**Grand Pavilion**") entered into a joint venture agreement ("**Grand Pavilion JVA**") with Asie Sdn Bhd ("**Asie**") and Usaha Nusantara Sdn Bhd ("**Usaha Nusantara**"), a wholly-owned subsidiary of Asie, for the proposed joint development of a parcel of prime leasehold land situated along Jalan Tun Razak measuring approximately 4.08 acres held under Lot P.T. 76, Seksyen 47, Jalan Tun Razak, Kuala Lumpur ("**JV Land**"). Under the terms of the Grand Pavilion JVA, Usaha Nusantara shall grant Grand Pavilion the sole and absolute right to undertake the development of the JV Land for an entitlement of RM106.60 million to be settled 60% in cash and 40% by way of issuance of shares of Grand Pavilion.

(vi) On 8 June 2011, our Company entered into a Trust Deed with Pacific Trustees Berhad (as the Trustee) ("**Trust Deed**"), and simultaneously our Company also entered into the Transaction Documents (as defined in the Trust Deed) with HLIB (as the lead arranger/facility agent, security agent and subscriber) and Jastamax Sdn Bhd (as the Assignor) for the constitution and issuance of RM325,000,000.00 in nominal value of 7-year redeemable convertible secured bonds.

(vii) On 12 April 2011, the Company's wholly-owned subsidiary, Mah Sing Properties Sdn Bhd entered into 9 separate sale and purchase agreements ("**Mah Sing Properties SPAs**") with several parties for the acquisition of 9 parcels of contiguous prime freehold land measuring approximately 205.72 acres held under Geran 34077 Lot 1353, GM 74 Lot 517, GM 33 Lot 489, Geran 101684 Lot 1543, GM 1003 Lot 518, GM 1251 Lot 519, GM 1620 Lot 615, GM 1621 Lot 619 and GM 560 Lot 2275, all in Mukim Tanjung Kupang, Daerah Johor Bahru, Johor Darul Ta'zim for a total cash consideration of RM54,704,571.20.

## 5. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board does not have any knowledge of any such proceedings, pending or threatened against our Group or of any facts which is likely to give rise to any such proceedings which may materially and adversely affect the position or business of our Group.

## 6. GENERAL

(i) There are no existing or proposed service contracts entered or to be entered into by Mah Sing with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within 1 year from the date of issuance of this Abridged Prospectus; and

(ii) Save as disclosed in this Abridged Prospectus and to the best of their knowledge, our Board is not aware of the following:

(a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;

(b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;

(c) material commitments for capital expenditure;

(d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

(e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

## 7. DETAILS OF OTHER CORPORATE PROPOSALS

Save for the Rights Issue with Warrants and as disclosed below, there are no other corporate proposals which have been approved by the authorities and/or our shareholders but have yet to be completed as at the LPD:

(i) On 21 May 2012, our Company's wholly-owned subsidiary, Tristar Acres Sdn Bhd ("**Tristar**") entered into a sale and purchase agreement ("**Lands SPA**") with Boon Siew Development Sdn Bhd ("**Boon Siew**") for the proposed acquisition of 8 parcels of adjacent freehold land with a total net area measuring approximately 408.243 acres ("**Lands**"), all located in Bandar Baru Bangi for a total cash consideration of RM330,765,010.49 or RM18.60 per square foot.

Tristar and Boon Siew had via the exchange of their respective solicitors' letters dated 19 June 2012 and 22 June 2012 agreed to adjust the total land area in relation to the Lands from 408.243 acres to 407.997 acres and the total cash consideration of the proposed acquisition of Lands from RM330,765,010.49 to RM330,565,697.35 in accordance with Section 3.04 of the Lands SPA.

On 14 December 2012, the Lands SPA had become unconditional.

(ii) On 10 December 2012, CIMB and HLIB jointly announced on behalf of our Company that we proposed to undertake the Corporate Exercise.

The Exemption is conditional upon the Rights Issue with Warrants but not vice versa. The Corporate Exercise is not conditional upon any corporate exercise/scheme of our Company. For avoidance of doubt, the Rights Issue with Warrants and the Bonus Issue are not inter-conditional.

Our shareholders had approved the Corporate Exercise at our EGM held on 5 February 2013. The SC had granted its approval for the Exemption on 7 February 2013.

As announced jointly by CIMB and HLIB on 6 February 2013, the Issue Price, entitlement basis and Exercise Price for the Rights Issue with Warrants had been fixed. Further, as announced jointly by CIMB and HLIB on 7 February 2013, our Company had entered into the Underwriting Agreement and the Entitlement Date for the Rights Issue with Warrants had been fixed.

## 8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of issuance of this Abridged Prospectus:

(i) Our Memorandum and Articles of Association;

(ii) The Deed Poll dated 18 February 2013;

(iii) Our audited consolidated financial statements for the past 2 FYE 31 December 2010 and 31 December 2011;

(iv) Our unaudited consolidated interim financial statements for the 9-month FPE 30 September 2012;

(v) The proforma consolidated statement of financial position of our Group as at 31 December 2011 together with the Reporting Accountants' letter as set out in Appendix III of this Abridged Prospectus;

(vi) The Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(vii) The material contracts referred to in Section 4 of this Appendix;

(viii) The consent letters referred to in Section 3 of this Appendix;

(ix) The letter in relation to the Undertaking and Additional Undertaking from Mayang Teratai as referred to in Section 3 of this Abridged Prospectus; and

(x) The Underwriting Agreement dated 7 February 2013.

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## 9. RESPONSIBILITY STATEMENT

The Board of Directors of Mah Sing has seen and approved all the documentation relating to this Rights Issue with Warrants including the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

CIMB and HLIB, being the Joint Principal Advisers and Joint Underwriters for this Rights Issue with Warrants, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.