

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Intangible Assets (continued)

##### (b) Goodwill on consolidation (continued)

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 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.

#### 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<sub>2004</sub>. 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.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Property Development Activities (continued)****(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 property development costs incurred to date compared to the estimated total costs of the 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 foreseeable 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 profit or loss 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 profit or loss, the balance is shown as progress billings under trade and other payables (within current liabilities).

**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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 the end of each reporting period.

The impairment loss is charged to 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

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Impairment of Financial Assets (continued)**

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### **Cash and Cash Equivalents**

The Group and the Company adopt the indirect method in the preparation of statements of cash flows. 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.

#### **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 par value and the excess of proceeds over par value is recognised in the share premium.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Convertible Secured Bonds**

Convertible secured 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 legal 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.

#### **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) *Property development revenue*

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 compared to the estimated total costs of the 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 relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

###### (ii) *Deferred tax assets*

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 all deductible temporary differences, unused tax losses and unused tax credits 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.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**

(b) **Key sources of estimation uncertainty (continued)**

(iii) *Impairment of goodwill*

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating units from which goodwill arises. The value in use calculation requires the management to estimate the future cash flows reflected by the remaining proportion of the gross development value of unrecognised revenue from the related property development project on which the goodwill arises.

(iv) *Valuation of investment properties*

The Group determines the fair value of its investment properties in reference to the selling prices of recent transactions of similar properties of nearby location except for investment properties under construction in which their fair values are not reliably determinable, investment properties under construction are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the Group's investment properties.

## 5. REVENUE

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Property development revenue	1,709,912	1,535,271	-	-
Sales of completed properties	11,684	18,683	-	-
Sales of goods	271,730	211,287	-	-
Dividend income from subsidiary companies	-	-	132,600	107,733
Interest income from:				
- advances to subsidiary companies	-	-	41,777	41,446
- bank deposits	5,042	9,381	5,042	9,381
- investment in short-term funds	6,396	33	6,396	33
Rental income	372	534	-	-
Others	460	71	-	-
	<u>2,005,596</u>	<u>1,775,260</u>	<u>185,815</u>	<u>158,593</u>

## 6. COST OF SALES

	The Group	
	2013	2012
	RM'000	RM'000
Property development costs	1,149,366	1,058,950
Cost of completed properties sold	5,918	11,542
Cost of goods sold	241,568	181,417
Maintenance fees	84	92
	<u>1,396,936</u>	<u>1,252,001</u>
Included in cost of goods sold are the followings:		
Raw materials and consumables used	193,535	152,938
Changes in inventories of finished goods and work in progress	<u>(235)</u>	<u>(2,028)</u>
	<u>193,300</u>	<u>150,910</u>



## 7. PROFIT BEFORE TAX

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Profit before tax is arrived at after charging:</b>					
Allowance for doubtful debts					
- trade and other receivables	22	407	4	1	-
- subsidiary companies	22	-	-	7	85
Allowance for slow-moving inventories		518	1,043	-	-
Amortisation of prepaid lease payments	15	516	410	-	-
Amortised cost adjustments:					
- trade and other receivables		1,261	1,483	-	-
- long term and deferred payables		-	358	-	-
		1,261	1,841	-	-
Amount due from subsidiary companies written off		-	-	-	92
Auditors' remuneration:					
Statutory:					
- current year		477	422	40	36
- underprovision in prior year		73	61	4	12
Others		66	8	5	5
Bad debts written off		-	761	-	-
Foreign exchange loss:					
- realised		1,728	4,364	-	3,342
Amortisation of intangible assets	17	1,042	427	-	-
Impairment loss on investment in a subsidiary company		-	-	1,490	-
Interest expense in development costs		27,173	16,763	-	-
Lease rental expense	40	5,104	30,581	-	-
Loss on foreign exchange forward contract		14	-	-	-
Preliminary and incorporation expenses		12	147	-	-
Property, plant and equipment:					
- depreciation	14	15,905	13,522	190	137
- loss on disposal		8	-	-	-
- written-off		164	17	-	-
Provision for future operating lease commitment	32	-	1,636	-	-

## 7. PROFIT BEFORE TAX (continued)

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Profit before tax is arrived at after charging:</b>					
Provision for liquidated damages		4,601	-	-	-
Provision for post-employment benefits	30	881	919	-	-
Rental of premises		5,775	2,131	-	5
Waiver on late payment charges		2,686	2,983	-	-
<b>And crediting:</b>					
Amortised cost adjustments:					
- trade and other payables		2,539	792	-	-
Bad debts recovered		19	-	-	-
Foreign exchange gain					
- realised		637	254	-	-
- unrealised		2,905	922	-	-
Fair value adjustment on investment in short term funds		126	-	126	-
Forfeiture income		851	1,197	-	-
Gain on changes in fair value of investment properties	16	530	2,094	-	-
Gain on disposal of property, plant and equipment		1,272	779	-	-
Gain on foreign exchange forward contracts		44	238	-	-
Gain on redemption of investment in short term funds		1,024	-	1,024	-
Lease rental income*	40	5,126	21,263	-	-
Rental income		465	390	-	-
Reversal of allowance for doubtful debts	22	319	136	-	-
Reversal of allowance for slow-moving inventories		64	419	-	-
Reversal of impairment loss on property, plant and equipment	14	6	6	-	-

\* Excluding those classified as revenue in Note 5.

## 8. STAFF COSTS

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	92,272	74,119	670	3,337
Employees Provident Fund and social security costs	10,064	7,602	83	381
Short-term accumulating compensated absences:				
- current year	694	708	8	8
- overprovision in prior year	(596)	(601)	(8)	(120)
Provision for post-employment benefits (Note 30)	881	919	-	-
Other staff related expenses	5,360	4,149	40	34
Options granted under ESOS	4,507	5,218	59	510
	<u>113,182</u>	<u>92,114</u>	<u>852</u>	<u>4,150</u>

Included in staff costs are directors' remuneration of the Group and of the Company as further disclosed in Note 42.

## 9. INTEREST INCOME

	The Group	
	2013	2012
	RM'000	RM'000
Interest income from:		
- bank deposits	1,569	1,932
- project accounts	4,444	2,499
	<u>6,013</u>	<u>4,431</u>

## 10. FINANCE COSTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expenses on:				
- advances from subsidiary companies	-	-	9,155	17,086
- bank overdrafts	32	27	-	-
- hire purchase	168	161	-	-
- others	3,243	433	66	124
- redeemable convertible secured bonds (Note 27)	18,498	18,021	18,498	18,021
- term loans	38,824	30,256	375	104
	<b>60,765</b>	<b>48,898</b>	<b>28,094</b>	<b>35,335</b>
Less: Interest expense capitalised in:				
- investment properties (Note 16)	(58)	(685)	-	-
- development properties (Note 20b)	(57,450)	(46,011)	-	-
	<b>(57,508)</b>	<b>(46,696)</b>	<b>-</b>	<b>-</b>
	<b>3,257</b>	<b>2,202</b>	<b>28,094</b>	<b>35,335</b>

## 11. INCOME TAX EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Estimated income tax payable:				
Current year				
- Local	102,953	119,951	5,977	4,917
- Foreign	43	677	-	-
Under/(Over)provision in prior years	3,100	61	(144)	1,254
	106,096	120,689	5,833	6,171
Deferred tax (Note 31):				
Current year	(12,045)	(37,376)	(2,016)	(1,895)
(Over)/Under provision in prior years	(1,808)	442	-	-
	(13,853)	(36,934)	(2,016)	(1,895)
Income tax expense	92,243	83,755	3,817	4,276

## 11. INCOME TAX EXPENSE (continued)

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	<u>371,504</u>	<u>315,523</u>	<u>151,456</u>	<u>108,111</u>
Tax at statutory tax rate of 25% (2012: 25%)	92,876	78,881	37,864	27,028
Tax effects of:				
Income exempted from tax	(2,747)	-	(34,963)	(26,771)
Expenses not deductible for tax purposes	7,064	4,845	1,060	2,765
Utilisation of deferred tax assets not previously recognised	(14,410)	(14,573)	-	-
Deferred tax assets not recognised	8,168	14,107	-	-
Reinvestment allowances utilised	-	(8)	-	-
Under/(Over) provision of estimated tax payable in prior years	3,100	61	(144)	1,254
(Over)/Under provision of deferred tax in prior years	<u>(1,808)</u>	<u>442</u>	<u>-</u>	<u>-</u>
Income tax expense	<u>92,243</u>	<u>83,755</u>	<u>3,817</u>	<u>4,276</u>

## 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	
	2013	2012
Profit attributable to equity holders of the Company (RM'000)	280,616	230,617
Weighted average number of ordinary shares in issue (Unit' 000)**	<u>1,303,917</u>	<u>1,107,571</u>
Basic earnings per ordinary share (sen)	<u>21.52</u>	<u>20.82</u>

## 12. EARNINGS PER ORDINARY SHARE (continued)

## (b) Diluted

The diluted earnings per share has been calculated by dividing the Group's profit attributable to equity holders of the Company 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 warrants and conversion of bonds, adjusted for the number of such ordinary shares that would have been issued at fair value.

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
Profit attributable to equity holders of the Company (RM'000)	<b>280,616</b>	230,617
Weighted average number of ordinary shares in issue (Unit'000)**	<b>1,303,917</b>	1,107,571
Weighted average number of ordinary shares deemed issued at no consideration (Unit'000)		
- ESOS	<b>23,553</b>	10,739
- Bonds conversion	<b>62,668</b>	3,869
- Warrants	<b>23,510</b>	-
Adjusted weighted average number of ordinary shares (Unit'000)	<u><b>1,413,648</b></u>	<u>1,122,179</u>
Diluted earnings per ordinary share (sen)	<u><b>19.85</b></u>	<u>20.55</u>

\*\* Comparative figures for the weighted average number of ordinary shares for both the basic and fully diluted earnings per ordinary share computations have been restated to reflect the adjustments arising from the Rights and Bonus Issues, which were completed on 22 March 2013 and 9 July 2013 respectively.

13. **DIVIDEND PAID/PROPOSED**

	<b>The Group and The Company</b>	
	2013	2012
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares		
- First and final dividend for 2012: 7.6 sen per ordinary share of RM0.50 each, comprising 0.4 sen per share, less income tax of 25% and single-tier dividend of 7.2 sen per share, paid on 20 September 2013	104,075	-
- First and final dividend for 2011: 11.0 sen per ordinary share of RM0.50 each, less income tax of 25%, paid on 26 September 2012	-	69,163
	<u>104,075</u>	<u>69,163</u>

The Directors have proposed a first and final single-tier dividend of 8.0 sen per ordinary share of RM0.50 each 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 2014.



## 14. PROPERTY, PLANT AND EQUIPMENT

	At Cost/						Total RM'000
	Valuation	At Cost					
The Group 2013	Buildings RM'000	Renovations RM'000	Plant, machinery and factory equipment RM'000	Motor vehicles RM'000	Furniture, fittings, office and IT related equipment RM'000	Construction in progress RM'000	
Cost/Valuation							
At 1 January	39,774	6,479	153,125	15,282	14,304	1,496	230,460
Currency translation differences	1,079	9	3,807	85	114	123	5,217
Additions	4,766	3,517	11,342	4,459	2,361	503	26,948
Disposals	-	(5)	(8,343)	(1,625)	(122)	-	(10,095)
Write offs	-	-	(290)	-	(42)	-	(332)
At 31 December	45,619	10,000	159,641	18,201	16,615	2,122	252,198

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	At Cost						Total RM'000
	At Cost/ Valuation	Buildings RM'000	Renovations RM'000	Plant, machinery and factory equipment RM'000	Motor vehicles RM'000	Furniture, fittings, office and IT related equipment RM'000	
<b>The Group 2013</b>							
<b>Accumulated depreciation</b>							
At 1 January	20,022	1,937	89,308	8,913	8,750	-	128,930
Currency translation differences	400	-	2,803	72	84	-	3,359
Charge for the financial year	1,589	1,041	8,984	2,524	1,767	-	15,905
Disposals	-	(1)	(8,318)	(1,616)	(80)	-	(10,015)
Write offs	-	-	(126)	-	(42)	-	(168)
<b>At 31 December</b>	<b>22,011</b>	<b>2,977</b>	<b>92,651</b>	<b>9,893</b>	<b>10,479</b>	<b>-</b>	<b>138,011</b>
<b>Accumulated impairment loss</b>							
At 1 January	-	-	47	-	-	-	47
Reversal during the financial year	-	-	(6)	-	-	-	(6)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>
<b>Net book value 31 December</b>	<b>23,608</b>	<b>7,023</b>	<b>66,949</b>	<b>8,308</b>	<b>6,136</b>	<b>2,122</b>	<b>114,146</b>

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	At Cost						Total RM'000
	At Cost/ Valuation RM'000	Buildings RM'000	Renovations RM'000	Plant, machinery and factory equipment RM'000	Motor vehicles RM'000	Furniture, fittings, office and IT related equipment RM'000	
<b>The Group 2012</b>							
<b>Cost/Valuation</b>							
At 1 January	33,589	4,984	135,113	14,190	12,735	7,755	208,366
Currency translation differences	(419)	-	(1,890)	(49)	(56)	(251)	(2,665)
Arose from the acquisition of a subsidiary company (Note 18)	-	34	5	-	21	-	60
Additions	1,282	1,461	25,203	2,354	1,914	4,184	36,398
Disposals	-	-	(5,196)	(1,213)	(282)	-	(6,691)
Write offs	-	-	(110)	-	(28)	-	(138)
Reclassification	5,322	-	-	-	-	(5,322)	-
Transferred to prepaid lease payments (Note 15)	-	-	-	-	-	(4,870)	(4,870)
<b>At 31 December</b>	<b>39,774</b>	<b>6,479</b>	<b>153,125</b>	<b>15,282</b>	<b>14,304</b>	<b>1,496</b>	<b>230,460</b>

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	At Cost/							Total RM'000
	Valuation	At Cost						
The Group 2012	Buildings RM'000	Renovations RM'000	Plant, and factory machinery equipment RM'000	Motor vehicles RM'000	Furniture, fittings, office and IT related equipment RM'000	Construction in progress RM'000		
<b>Accumulated depreciation</b>								
At 1 January	18,828	1,171	88,360	7,372	7,257	-	122,988	
Currency translation differences	(150)	-	(1,540)	(30)	(29)	-	(1,749)	
Arose from the acquisition of a subsidiary company (Note 18)	-	3	5	-	8	-	16	
Charge for the financial year	1,344	763	7,399	2,217	1,799	-	13,522	
Disposals	-	-	(4,821)	(646)	(259)	-	(5,726)	
Write offs	-	-	(95)	-	(26)	-	(121)	
At 31 December	20,022	1,937	89,308	8,913	8,750	-	128,930	
<b>Accumulated impairment loss</b>								
At 1 January	-	-	53	-	-	-	53	
Reversal during the financial year	-	-	(6)	-	-	-	(6)	
At 31 December	-	-	47	-	-	-	47	
<b>Net book value</b>								
31 December	19,752	4,542	63,770	6,369	5,554	1,496	101,483	

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

## Analysis of buildings

The Group	At Valuation	At Cost		Total
	Leasehold RM'000	Leasehold RM'000	Freehold RM'000	
<b>2013</b>				
<b>Cost/Valuation</b>				
At 1 January	6,297	22,441	11,036	39,774
Currency translation differences	-	1,079	-	1,079
Additions	-	355	4,411	4,766
At 31 December	6,297	23,875	15,447	45,619
<b>Accumulated depreciation</b>				
At 1 January	4,785	10,549	4,688	20,022
Currency translation differences	-	400	-	400
Charge for the financial year	240	1,137	212	1,589
At 31 December	5,025	12,086	4,900	22,011
<b>Net book value</b>				
At 31 December	1,272	11,789	10,547	23,608
<b>2012</b>				
<b>Cost/Valuation</b>				
At 1 January	6,297	17,416	9,876	33,589
Currency translation differences	-	(419)	-	(419)
Additions	-	122	1,160	1,282
Reclassification	-	5,322	-	5,322
At 31 December	6,297	22,441	11,036	39,774
<b>Accumulated depreciation</b>				
At 1 January	4,546	9,726	4,556	18,828
Currency translation differences	-	(150)	-	(150)
Charge for the financial year	239	973	132	1,344
At 31 December	4,785	10,549	4,688	20,022
<b>Net book value</b>				
At 31 December	1,512	11,892	6,348	19,752

14. **PROPERTY, PLANT AND EQUIPMENT (continued)**

<b>The Company 2013</b>	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 January	122	1,381	1,503
Additions	56	60	116
At 31 December	178	1,441	1,619
<b>Accumulated depreciation</b>			
At 1 January	32	586	618
Charge for the financial year	17	173	190
At 31 December	49	759	808
<b>Net book value</b>			
At 31 December	129	682	811
<b>2012</b>			
<b>Cost</b>			
At 1 January	48	1,362	1,410
Additions	74	19	93
At 31 December	122	1,381	1,503
<b>Accumulated depreciation</b>			
At 1 January	21	460	481
Charge for the financial year	11	126	137
At 31 December	32	586	618
<b>Net book value</b>			
At 31 December	90	795	885

**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.

14. **PROPERTY, PLANT AND EQUIPMENT (continued)****Valuation (continued)**

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:

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
<b>Net book value</b>		
Leasehold buildings	<u>699</u>	<u>831</u>

**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 disclosed in Notes 28, 33 and 34, respectively are as follows:

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
<b>Net book value</b>		
Freehold buildings	3,929	4,054
Leasehold buildings	9,334	9,747
Plant, machinery and factory equipment	<u>10,298</u>	<u>8,190</u>
	<u>23,561</u>	<u>21,991</u>

**Assets held under finance lease and hire purchase 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:

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
<b>Net book value</b>		
Motor vehicles	<u>6,641</u>	<u>4,943</u>

## 15. PREPAID LEASE PAYMENTS

	<b>The Group</b>	
	2013 RM'000	2012 RM'000
<b>Leasehold land</b>		
<b>Cost/Valuation</b>		
At 1 January	13,003	8,340
Currency translation differences	663	(207)
Transferred from property, plant and equipment (Note 14)	-	4,870
	<u>13,666</u>	<u>13,003</u>
<b>Accumulated amortisation</b>		
At 1 January	5,754	5,450
Amortisation for the year (Note 7)	516	410
Currency translation differences	223	(106)
	<u>6,493</u>	<u>5,754</u>
<b>Net book value at 31 December</b>	<u>7,173</u>	<u>7,249</u>

The unexpired portions of the leasehold land as at 31 December 2013 are within the range of 6 to 24 years (2012: 7 to 25 years).

Certain parcels of leasehold land of the Group with a carrying value of RM1,569,839 (2012: RM1,638,021) are pledged to financial institutions to secure term loans, short-term borrowings and bank overdrafts as disclosed in Notes 28, 33 and 34, respectively.



## 16. INVESTMENT PROPERTIES

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	71,126	56,076
Additions	13,592	12,956
Gain on changes in fair value (Note 7)	530	2,094
Transferred from property development costs (Note 20(b))	946	-
At 31 December	<u>86,194</u>	<u>71,126</u>
Included in the above are:		
Investment properties under construction, at cost	80,354	65,816
Freehold commercial properties, at fair value	<u>5,840</u>	<u>5,310</u>
	<u>86,194</u>	<u>71,126</u>

Included in additions to investment properties is interest expense capitalised during the financial year amounting to RM57,785 (2012: RM684,748) as disclosed in Note 10.

Freehold commercial properties are leased to third parties. Each of the leases contains an initial non-cancellable lease period of 2 to 3 years (2012: 1 to 3 years) (Note 40). Subsequent renewals are negotiated with the lessee and average renewal periods are for 1 to 3 years (2012: 1 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 RM371,553 (2012: RM444,422). Direct operating expenses incurred on the investment properties amounted to RM84,261 (2012: RM91,551).

Investment properties of the Group amounting to RM42,247,824 (2012: RM65,816,503) are pledged to a financial institution to secure term loan facilities as disclosed in Note 28.

**Fair value information**

The fair value of investment properties are determined in reference to the selling price of recent transactions of similar properties of nearby location except for investment properties under construction in which its fair value 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.

## 16. INVESTMENT PROPERTIES (continued)

**Fair value information (continued)**

Accordingly, the fair values of freehold commercial properties fall under Level 2 of the fair value hierarchy for financial years ended 31 December 2013 and 31 December 2012.

**Transfer between Level 1 and Level 2 fair values**

There was no transfer between Level 1 and 2 fair values during the financial year.

## 17. INTANGIBLE ASSETS

The Group 2013	License fees RM'000	Goodwill RM'000	Total RM'000
<b>Cost</b>			
At 1 January and 31 December	82	12,968	13,050
<b>Accumulated amortisation</b>			
At 1 January and 31 December	82	-	82
<b>Accumulated impairment</b>			
At 1 January	-	427	427
Charge for the year (Note 7)	-	1,042	1,042
At 31 December	-	1,469	1,469
<b>Carrying amount</b>			
At 31 December	-	11,499	11,499

## 17. INTANGIBLE ASSETS (continued)

The Group 2012	License fees RM'000	Goodwill RM'000	Total RM'000
<b>Cost</b>			
At 1 January	82	70	152
Arose from the acquisition of a subsidiary company (Note 18)	<u>-</u>	<u>12,898</u>	<u>12,898</u>
At 31 December	<u>82</u>	<u>12,968</u>	<u>13,050</u>
<b>Accumulated amortisation</b>			
At 1 January and 31 December	<u>82</u>	<u>-</u>	<u>82</u>
<b>Accumulated impairment</b>			
At 1 January	-	-	-
Charge for the year (Note 7)	<u>-</u>	<u>427</u>	<u>427</u>
At 31 December	<u>-</u>	<u>427</u>	<u>427</u>
<b>Carrying amount</b>			
At 31 December	<u>-</u>	<u>12,541</u>	<u>12,541</u>

Goodwill arose in the previous financial year relates to a premium paid over the fair value of identifiable net assets, at the acquisition date, of a subsidiary company due to the expected high revenue and profitability growth following development of the freehold land owned by the subsidiary company into a planned mix development township.

## 18. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost	207,458	198,326
Less: Accumulated impairment loss	<u>(10,720)</u>	<u>(9,230)</u>
	<u>196,738</u>	<u>189,096</u>

## (a) Acquisition of non-controlling interests

In the previous financial year ended 31 December 2012, the Company acquired all the remaining ordinary shares not already owned by the Company in the following subsidiary companies:

Name of company	Number of ordinary shares of RM1 each	Cash consideration RM'000
Enrich Property Development Sdn Bhd	300,000	300
Vienna Home Sdn Bhd	300,000	6,000

Details on the effects of the acquisitions of the remaining equity interest in the existing subsidiary companies were as follows:

	RM'000
Net debit balance acquired from non-controlling interests	(1,188)
Premium paid on acquisition from non-controlling interests	<u>7,488</u>
Purchase consideration	6,300
Less: Non-cash consideration given	<u>(4,472)</u>
Net cash outflow from acquisition of balance of equity in subsidiary companies	1,828
Remaining payment made arising from acquisition of balance of equity in previous year	<u>5,000</u>
Total net cash outflow from the purchase of balance of equity in subsidiary companies	<u>6,828</u>

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

## (b) Non-controlling interests in subsidiary companies

The Group's subsidiary companies that have material non-controlling interests ("NCI") are as follows:

	P.T. Mah Sing Indonesia	Other individual immaterial subsidiary companies	Total
<b>2013</b>			
NCI percentage of ownership interest and voting interest	35%		
Carrying amount of NCI (RM'000)	9,665	1,322	10,987
Total comprehensive loss for the year attributable to NCI (RM'000)	<u>(124)</u>	<u>(561)</u>	<u>(685)</u>
<b>2012</b>			
NCI percentage of ownership interest and voting interest	35%		
Carrying amount of NCI (RM'000)	9,789	315	10,104
Total comprehensive income for the year attributable to NCI (RM'000)	<u>92</u>	<u>686</u>	<u>778</u>

Summarised financial information of the Group's subsidiary company that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	P.T. Mah Sing Indonesia	
	2013	2012
	RM'000	RM'000
Non-current assets	33,765	32,832
Current assets	34,431	37,530
Non-current liabilities	(9,832)	(12,152)
Current liabilities	<u>(30,749)</u>	<u>(30,241)</u>
Net assets	<u>27,615</u>	<u>27,969</u>

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

## (b) Non-controlling interests in subsidiary companies (continued)

	P.T. Mah Sing Indonesia	
	2013	2012
	RM'000	RM'000
Revenue	98,935	87,260
(Loss)/Profit for the year	(2,267)	802
Total comprehensive (loss)/income for the year	<u>(2,267)</u>	<u>802</u>
Cash flows from operating activities	6,113	533
Cash flows used in investing activities	(1,757)	(11,609)
Cash flows (used)/from in financing activities	<u>(3,979)</u>	<u>8,297</u>
Net increase/(decrease) in cash and cash equivalents	<u>377</u>	<u>(2,779)</u>
Dividends paid to NCI	<u>-</u>	<u>-</u>

**18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)****(c) Acquisition of subsidiary companies**

During the current financial year, the Company completed the following acquisitions of subsidiary companies:

- (i) On 22 April 2013, the Company acquired the entire issued and paid-up share capital of Mediterranean View 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.
- (ii) On 22 May 2013, the Company acquired the entire issued and paid-up share capital of Enchanting Heights 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.
- (iii) On 27 May 2013, the Company subscribed for 1,632,000 ordinary shares of RM1.00 each, representing 51% of the total issued and paid-up share capital of Convention City Development Sdn Bhd ("Convention City") for a cash consideration of RM1,632,000. Diverse Capital Sdn Bhd holds 1,568,000 ordinary shares of RM1.00 each, representing 49% of the total issued and paid-up share capital of Convention City.
- (iv) On 18 June 2013, the Company acquired the entire issued and paid-up share capital of Tanda Klasik 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.
- (v) On 23 August 2013, the Company acquired the entire issued and paid-up share capital of the following companies for a cash consideration of RM2.00 each respectively:
  - Nature Legend Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

## (c) Acquisition of subsidiary companies (continued)

- Sanjung Tropika Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.
- Meridin Hospitality Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

During the previous financial year ended 31 December 2012, the Company completed the following acquisitions of subsidiary companies:

- (i) On 13 January 2012, the Company acquired the entire issued and paid-up share capital of Mah Sing 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 had been issued and fully paid-up, for a cash consideration of RM2.00.
- (ii) 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 had been issued and fully paid-up, for a cash consideration of RM57,000,000.
- (iii) 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 had been issued and fully paid-up, for a cash consideration of RM2.00.
- (iv) 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 had been issued and fully paid-up, for a cash consideration of RM2.00.



## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

## (c) Acquisition of subsidiary companies (continued)

- (v) 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 had been issued and fully paid-up, for a cash consideration of RM2.00.

The details of the asset, liabilities and net cash outflow arising from the acquisition of a subsidiary company by the Group in previous financial year ended 31 December 2012 were as follows:

	RM'000
Goodwill (Note 17)	12,898
Property, plant and equipment (Note 14)	44
Property development costs (Note 20(b))	94,286
Deferred tax liability (Note 31)	(15,020)
Other net current liabilities	<u>(35,417)</u>
Purchase consideration	56,791
Less: Cash and bank balances acquired	<u>(33)</u>
Net cash outflow from acquisition of a subsidiary company	<u>56,758</u>

## (d) Subscription for additional ordinary shares in existing subsidiary companies

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

Name of company	Number of ordinary shares of RM1 each	Cash consideration RM'000
Enchanting Heights Sdn Bhd	2,500,000	2,500
Mediterranean View Development Sdn Bhd	2,500,000	2,500
Sanjung Tropika Development Sdn Bhd	2,500,000	2,500

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2013 %	2012 %	
<b>Subsidiary companies of Mah Sing Group Berhad</b>				
Capitol Avenue Development Sdn Bhd	Malaysia	100	100	Property development
Convention City Development Sdn Bhd	Malaysia	51	-	Property development
Elite Park Development Sdn Bhd	Malaysia	100	100	Property development
Enchanting Heights Sdn Bhd	Malaysia	100	-	Property development
Enrich Property Development Sdn Bhd	Malaysia	100	100	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 Mysecond 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

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2013 %	2012 %	
Liberty Property Management Sdn Bhd	Malaysia	100	100	Property management
Loyal Sierra Development Sdn Bhd	Malaysia	100	100	Property development
Mah Sing Development Sdn Bhd	Malaysia	100	100	Property development
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	Investment holding
Mah Sing Investment Singapore Pte Ltd*	Singapore	100	100	Promotion, marketing and provision of services related to property development
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 and investment holding
Mah Sing Trading Sdn Bhd	Malaysia	100	100	Trading of building materials
Major Land Development Sdn Bhd	Malaysia	100	100	Property development
Marvellous Vantage Sdn Bhd	Malaysia	100	100	Property investment
Maxim Heights Sdn Bhd	Malaysia	100	100	Property development
Mediterranean View Development Sdn Bhd	Malaysia	100	-	Property development

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2013 %	2012 %	
Meridin Hospitality Sdn Bhd	Malaysia	100	-	Dormant
Multi Synergy Group Sdn Bhd	Malaysia	100	100	Property development
Myvilla Development Sdn Bhd	Malaysia	100	100	Property development
Nature Legend Development Sdn Bhd	Malaysia	100	-	Property development
Nova Century Development Sdn Bhd	Malaysia	100	100	Property development
Nova Indah 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
Pleasant Network Sdn Bhd	Malaysia	100	100	Inactive
Sanjung Tropika Development Sdn Bhd	Malaysia	100	-	Property development
Semai Meranti Sdn Bhd	Malaysia	100	100	Property development
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
Tanda Klasik Development Sdn Bhd	Malaysia	100	-	Dormant
Tristar Acres Sdn Bhd	Malaysia	100	100	Property development

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2013 %	2012 %	
Tropika Istimewa Development Sdn Bhd	Malaysia	100	100	Property development
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	100	100	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
<b>Subsidiary companies of Mah Sing Properties Sdn Bhd</b>				
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	Malaysia	100	100	Property management
Prima Peninsular Development Sdn Bhd	Malaysia	100	100	Property management
Quantum Noble Development Sdn Bhd	Malaysia	100	100	Property management
<b>Subsidiary company of Pleasant Network Sdn Bhd</b>				
Vican Technology Sdn Bhd**	Malaysia	68	68	Inactive
<b>Subsidiary company of Vican Technology Sdn Bhd</b>				
Vican Electronics Sdn Bhd#	Malaysia	68	68	Inactive

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2013 %	2012 %	
<b>Subsidiary company of Vital Routes Sdn Bhd</b>				
P.T. Mah Sing Indonesia*	Indonesia	65	65	Manufacture of plastic moulded products
<b>Subsidiary companies of Mah Sing International Ltd</b>				
Mah Sing Vietnam Ltd	British Virgin Islands	100	100	Dormant
Mah Sing Vina Ltd	British Virgin Islands	100	100	Dormant
<b>Subsidiary company of Mah Sing Plastics Industries Sendirian Berhad</b>				
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 impaired.

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

## 19. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares, at cost	99	99	99	99
Less: Accumulated impairment loss	(26)	(26)	(99)	(99)
Group's share of post acquisition accumulated losses	(73)	(73)	-	-
	-	-	-	-

## 19. INVESTMENT IN ASSOCIATED COMPANY (continued)

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 are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2013 %	2012 %	
Prestige Greenery Sdn Bhd *	Malaysia	39.5	39.5	Dormant

\* Audited by other firm of auditors.

## 20. PROPERTY DEVELOPMENT ACTIVITIES

## (a) Land held for property development

	The Group	
	2013 RM'000	2012 RM'000
<b>At cost:</b>		
At 1 January	419,280	71,869
Additions	152,673	365,848
Transferred to property development costs (Note 20(b))	<u>(28,159)</u>	<u>(18,437)</u>
At 31 December	<u>543,794</u>	<u>419,280</u>

Included in land held for property development are freehold land of RM490,875,931 (2012: RM71,869,375) charged as security for the redeemable convertible secured bonds and term loan facilities as disclosed in Notes 27 and 28, respectively.

## 20. PROPERTY DEVELOPMENT ACTIVITIES (continued)

## (b) Property development costs

	The Group	
	2013 RM'000	2012 RM'000
<b>At 1 January</b>		
Land costs	1,228,764	1,137,426
Development costs	656,469	398,671
	<b>1,885,233</b>	<b>1,536,097</b>
<b>Costs incurred during the financial year:</b>		
Land costs	273,136	197,675
Development costs	1,264,407	1,097,772
	<b>1,537,543</b>	<b>1,295,447</b>
<b>Transferred from land held for property development:</b>		
Land costs (Note 20(a))	28,159	18,437
<b>Arose from acquisition of a subsidiary company:</b>		
Land costs (Note 18(c))	-	90,578
Development costs (Note 18(c))	-	3,708
	-	94,286
<b>Costs recognised as expense in profit or loss during the financial year:</b>		
Land costs	(191,801)	(215,333)
Development costs	(957,565)	(843,617)
	<b>(1,149,366)</b>	<b>(1,058,950)</b>
<b>Reclassification/Transferred to:</b>		
Investment properties		
- Land costs (Note 16)	(946)	-
Inventories		
- Land costs	(7,051)	(19)
- Development costs	(34,931)	(65)
	<b>(42,928)</b>	<b>(84)</b>
<b>At 31 December</b>		
Land costs	1,330,261	1,228,764
Development costs	928,380	656,469
	<b>2,258,641</b>	<b>1,885,233</b>



20. **PROPERTY DEVELOPMENT ACTIVITIES (continued)**(b) **Property development costs (continued)**

Included in property development costs are interests on borrowings capitalised during the financial year amounting to RM57,450,804 (2012: RM46,011,471) as disclosed in Note 10.

The title deeds in respect of certain lands totaling to RM101,815,522 (2012: RM101,270,832) are not registered under the subsidiary companies' names as these title deeds will be transferred directly to purchasers upon completion of the properties.

Freehold and leasehold land of RM692,005,505 (2012: RM661,554,272) and RM261,874,358 (2012: RM269,212,729) respectively are pledged to certain financial institutions as securities for term loan and overdraft facilities of the Group as disclosed in Notes 28 and 34, respectively.

21. **INVENTORIES**

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Completed properties	50,867	14,802
Raw materials	16,104	15,808
Work-in-progress	680	1,004
Finished goods	<u>11,258</u>	<u>10,338</u>
	<u>78,909</u>	<u>41,952</u>
Allowance for slow-moving inventories:		
- completed properties	(740)	(739)
- raw materials	(1,023)	(998)
- work-in-progress	(19)	-
- finished goods	<u>(902)</u>	<u>(493)</u>
	<u>(2,684)</u>	<u>(2,230)</u>
	<u>76,225</u>	<u>39,722</u>

Inventories of a subsidiary company amounting to RM2,014,618 (2012: RM2,959,452) are pledged to financial institutions as security for term loans, short-term borrowings and bank overdrafts as disclosed in Notes 28, 33 and 34, respectively.

Completed properties of a subsidiary company amounting to RMNil (2012: RM3,754,369) are pledged to financial institutions as securities for term loans of the Company as disclosed in Note 28.

## 22. TRADE AND OTHER RECEIVABLES

	The Group		The Company		
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables					
- Property development projects		304,289	170,246	-	-
- Retention sums		84,706	94,784	-	-
- Sales of goods		44,755	37,333	-	-
- Others		203	65	-	-
	(a)	433,953	302,428	-	-
Less: Allowance for doubtful debts		(1,346)	(989)	-	-
		432,607	301,439	-	-
Other receivables	(b)	16,991	14,073	10,389	10,684
Less: Allowance for doubtful debts		(11,523)	(11,492)	(10,262)	(10,261)
		5,468	2,581	127	423
Accrued billings for property development		79,857	63,455	-	-
Amounts due from subsidiary companies	(c)	-	-	1,253,955	833,458
Less: Allowance for doubtful debts		-	-	(92)	(85)
		-	-	1,253,863	833,373
Deposits for land acquisitions/ joint development		39,320	7,196	-	-
Less: Allowance for doubtful debts		(800)	(800)	-	-
		38,520	6,396	-	-
Deposits for purchase of property, plant and equipment		5,307	6,981	-	-

## 22. TRADE AND OTHER RECEIVABLES (continued)

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other deposits		15,997	14,246	122	1,283
Less: Allowance for doubtful debts		-	(300)	-	-
Prepayments	(d)	15,997	13,946	122	1,283
		3,992	3,233	-	-
		<b>581,748</b>	<b>398,031</b>	<b>1,254,112</b>	<b>835,079</b>

## (a) Trade receivables

The terms for sale of goods range from payment in advance to credit period of 90 days (2012: payment in advance to 90 days) whilst the credit terms for receivables from property development is generally between 14 to 21 days (2012: 14 to 21 days).

Retention sums receivable are trade receivables retained by stakeholders that are due upon expiry of retention periods ranging from 8 to 24 months (2012: 8 to 24 months) as stipulated in the sale and purchase agreements.

Trade receivables of the Group amounting to RM4,695,281 (2012: RM6,851,205) are pledged to financial institutions as securities for term loans, short-term borrowings and bank overdrafts as disclosed in Notes 28, 33 and 34, respectively.

Included in the trade receivables is an amount of RM137,550 (2012: RM1,357,800) owing by a director of subsidiary companies for the purchase of development property from a subsidiary company.

The currency profile of trade receivables is as follows:

	The Group	
	2013 RM'000	2012 RM'000
Ringgit Malaysia	410,298	281,125
Indonesian Rupiah	15,062	13,907
United States Dollar	7,353	6,164
Singapore Dollar	876	896
Australian Dollar	364	336
	<b>433,953</b>	<b>302,428</b>

22. **TRADE AND OTHER RECEIVABLES (continued)**(a) **Trade receivables (continued)****Ageing analysis of trade receivables**

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
Trade receivables not past due	130,236	120,533
Retention sums receivable	84,631	94,784
Past due < 2 months	103,693	51,609
Past due 2 - 4 months	64,563	15,395
Past due > 4 months	49,484	19,118
	<u>432,607</u>	<u>301,439</u>
<b>Impaired trade receivables</b>		
Past due > 4 months	1,271	989
Retention sums	75	-
	<u>1,346</u>	<u>989</u>
	<u><b>433,953</b></u>	<u><b>302,428</b></u>

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

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
At 1 January	989	1,125
Allowance during the year (Note 7)	376	4
Reversal of allowance (Note 7)	(19)	(136)
Write off	-	(4)
	<u>1,346</u>	<u>989</u>
At 31 December	<u><b>1,346</b></u>	<u><b>989</b></u>

During the financial year, trade receivables of the Group amounting to RMNil (2012: RM4,000) was written off against allowance for doubtful debts.

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.

22. **TRADE AND OTHER RECEIVABLES (continued)**(b) **Other receivables**

Included in other receivables of the Company is an amount of RM7,976,917 (2012: RM7,976,917) owing by indirect subsidiary companies, Vican Technology Sdn Bhd and Vican Electronics Sdn Bhd, which had been excluded from consolidation as disclosed in Note 18. The amount owing by the said subsidiary companies has been fully provided for.

The currency profile of other receivables is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>16,886</b>	14,007	<b>10,389</b>	10,684
United States Dollar	-	39	-	-
Indonesian Rupiah	<b>105</b>	27	-	-
	<b>16,991</b>	<b>14,073</b>	<b>10,389</b>	<b>10,684</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>11,492</b>	11,492	<b>10,261</b>	10,261
Allowance during the year (Note 7)	<b>31</b>	-	<b>1</b>	-
At 31 December	<b>11,523</b>	<b>11,492</b>	<b>10,262</b>	<b>10,261</b>

(c) **Amount due from subsidiary companies**

Amounts due from subsidiary companies arose mainly from inter-company advances and payments on behalf. They are unsecured and repayable on demand. Advances amounting to RM857,978,905 (2012: RM699,083,791), RM332,845,252 (2012: RM101,229,289) and RM23,495,739 (2012: RM NIL) bear interest at 3%, 6.66% and 8.6% (2012: 3%, 6.66% and Nil) per annum respectively while an amount of RM39,544,087 (2012: RM33,060,042) is interest free.

22. **TRADE AND OTHER RECEIVABLES (continued)**(d) **Other deposits****Movement of allowance for doubtful debts - other deposits**

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	300	300	-	-
Reversal of allowance (Note 7)	<u>(300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>

23. **DEPOSITS, CASH AND BANK BALANCES**

	<b>Note</b>	<b>The Group</b>		<b>The Company</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances		32,471	19,795	560	270
Project accounts	(a)	343,087	277,826	-	-
Deposits with licensed banks	(b)	95,012	291,835	81,222	239,484
Investments in short-term funds	(c)	<u>351,720</u>	<u>4</u>	<u>351,720</u>	<u>4</u>
		<u>822,290</u>	<u>589,460</u>	<u>433,502</u>	<u>239,758</u>

(a) **Project accounts**

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.

## 23. DEPOSITS, CASH AND BANK BALANCES (continued)

## (b) Deposits with licensed banks

Deposits with licensed banks of the Group and of the Company have an average maturity of 85 days (2012: 43 days) and 5 days (2012: 23 days) respectively.

Deposits with licensed banks of the Group amounting to RM11,648,188 (2012: RM37,248,555) has been pledged as collateral for the redeemable convertible secured bonds and term loans as disclosed in Notes 27 and 28, respectively.

Deposits with licensed banks of the Group amounting to RM1,981,366 (2012: RM7,393,492) have been deposited in Escrow Accounts for banking facilities of subsidiary companies.

## (c) Investments in short term funds

The investments in short term funds are placements made in management funds that invest in fixed deposits and short term money market instruments offered by banks or financial institutions licensed under Financial Services Act 2013 or the Islamic Financial Services Act 2013 which allow redemption with notice of 1 business day.

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

	The Group		The Company	
	2013	2012	2013	2012
	%	%	%	%
Project accounts	1.80 - 2.05	1.20 - 2.05	-	-
Deposits with licensed banks	0.73 - 3.42	2.00 - 3.50	2.86 - 3.42	2.86 - 3.50
Investments in short term funds	<u>2.96 - 3.24</u>	<u>-</u>	<u>2.96 - 3.24</u>	<u>-</u>

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	820,200	587,094	433,481	239,758
United States Dollar	1,305	2,168	-	-
Indonesian Rupiah	238	185	-	-
Singapore Dollar	508	-	-	-
Others	39	13	21	-
	<u>822,290</u>	<u>589,460</u>	<u>433,502</u>	<u>239,758</u>

## 24. SHARE CAPITAL

	The Group and The Company		
	Number of shares Unit'000	Par value RM	RM'000
<b>Ordinary shares</b>			
<b>Authorised:</b>			
2013			
At 1 January and 31 December	<u>2,000,000</u>	0.50	<u>1,000,000</u>
2012			
At 1 January and 31 December	<u>2,000,000</u>	0.50	<u>1,000,000</u>
<b>Issued and paid up:</b>			
2013			
At 1 January	839,868	0.50	419,934
Exercise of ESOS	12,987	0.50	6,493
Exercise of warrants	54,458	0.50	27,229
Rights Issue with warrants	280,100	0.50	140,050
Bonus Issue	<u>226,202</u>	0.50	<u>113,101</u>
At 31 December	<u>1,413,615</u>	0.50	<u>706,807</u>
2012			
At 1 January	831,872	0.50	415,936
Exercise of ESOS	<u>7,996</u>	0.50	<u>3,998</u>
At 31 December	<u>839,868</u>	0.50	<u>419,934</u>

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM419,933,655 to RM706,806,627 by way of:

- (a) issuance of 12,986,863 new ordinary shares of RM0.50 each pursuant to the exercise of employees' share options at the following exercise prices;

Exercise price (RM)	0.50	1.24	1.44	1.49	1.65	1.74
No of shares issued ('000)	6	2,174	229	9,039	432	1,107

- (b) issuance of 280,099,803 new ordinary shares of RM0.50 each together with up to 168,059,241 free detachable warrants on the basis of 1 Rights Share for every 3 existing ordinary shares of RM0.50 each held and 3 warrants for every 5 Rights Shares subscribed at an issue price of RM1.42 per Rights Share;



## 24. SHARE CAPITAL (continued)

- (c) issuance of 53,991,791 and 465,712 new ordinary shares of RM0.50 each at an exercise price of RM1.98 and RM2.38 per ordinary share respectively pursuant to the exercise of Warrants; and
- (d) issuance of 226,201,774 new ordinary shares of RM0.50 each pursuant to the Bonus Issue on the basis of 1 new ordinary share for every 5 existing ordinary shares of RM0.50 each held, by way of capitalisation of RM113,100,887 from the share premium account of the Company.

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 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 subsidiary companies) 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;

24. **SHARE CAPITAL (continued)**

**Employees' Share Option Scheme (continued)**

- (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.

24. **SHARE CAPITAL (continued)****Employees' Share Option Scheme (continued)**

During the financial year ended 31 December 2013, the exercise price and number of options over ordinary shares have been adjusted in accordance with the provisions of the By-Laws (as mentioned in item (g) above) as a result of the Rights and Bonus Issues.

The adjustments to the exercise price of ESOS are as follows:

Offer Date	Exercise price per Option		
	Before	After Rights	After Bonus
	adjustments	Issue	Issue
	RM	RM	RM
9 Jun 2006	0.64	0.58	0.50
25 Nov 2010	1.65	1.49	1.24
6 Dec 2010	1.65	1.49	1.24
30 July 2012	1.92	1.74	1.44

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

	Number of options over ordinary shares of RM0.50 each	
	2013 Unit'000	2012 Unit'000
At 1 January	50,817	48,384
Adjustments for:		
- Rights Issue	5,142	-
- Bonus Issue	8,808	-
Granted	5,358	13,257
Exercised	(12,987)	(7,995)
Lapsed	(1,760)	(2,829)
At 31 December	<u>55,378</u>	<u>50,817</u>

Further details of the ESOS are set out in Note 25.

24. **SHARE CAPITAL (continued)**

**Warrants**

During the financial year, the Company issued 168,059,241 free detachable warrants pursuant to the Rights Issue with warrants. The Warrants are constituted by a Deed Poll dated 18 February 2013 ("Deed Poll").

The salient features of the Warrants are as follows:

- (a) The issue date of the Warrants is 19 March 2013 and the expiry date is 18 March 2018. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- (b) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM0.50 in the Company at an exercise price of RM2.38 (adjusted to RM1.98) per ordinary share;
- (c) The exercise price and the number of Warrants are subject to adjustments in the event of alteration to the share capital of the Company in accordance with the provisions of the Deed Poll. 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;
- (d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), until and unless such holders exercise the rights under the Warrants to subscribe for new ordinary shares; and
- (e) The new ordinary shares to be issued upon exercise of the Warrants shall, upon allotment and issue, rank *pari passu* with the then existing ordinary shares, including the entitlement to dividends, rights, allotments or other distributions except that they will not be entitled to the rights, allotments 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 Warrants.

During the financial year ended 31 December 2013, the exercise price and number of Warrants have been adjusted in accordance with the provisions of the Deed Poll (as mentioned in item (c) above) as a result of the Bonus Issue. The exercise price was adjusted from RM2.38 to RM1.98.

24. **SHARE CAPITAL (continued)****Warrants (continued)**

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

	Number of warrants (Unit' 000)				
	At 1.1.2013	Granted	Adjusted for Bonus Issue	Exercised	At 31.12.2013
Number of unexercised Warrants	-	168,059,241	33,518,111	(54,457,503)	147,119,849

25. **RESERVES**

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Share premium	(a)	331,716	140,287	331,716	140,287
Equity-settled employees benefit reserve	(b)	11,423	10,614	11,423	10,614
Warrant reserve	(c)	46,589	-	46,589	-
Exchange fluctuation reserve	(d)	4,602	3,146	-	-
Equity component of convertible bonds	(e)	17,129	17,129	17,129	17,129
		<u>411,459</u>	<u>171,176</u>	<u>406,857</u>	<u>168,030</u>

**(a) Share premium**

Share premium arose from the exercise of ESOS and warrants, Rights Issue, private placement and other issuance of shares in the current and prior years.

**(b) 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 profit or loss when vested.

## 25. RESERVES

## (b) Equity-settled employees benefit reserve (continued)

Details of share option movement during the financial year are as follows:

Offer Date	Number of options over ordinary shares of RM0.50 each (Unit' 000)						At 31.12.2013
	At 1.1.2013	Adjusted for Rights Issue	Adjusted for Bonus Issue	Granted	Exercised	Lapsed	
9 Jun 2006	43	4	9	-	(6)	(1)	49
25 Nov 2010	37,584	3,796	6,304	-	(11,612)	(463)	35,609
6 Dec 2010	465	48	96	-	(33)	-	576
30 July 2012	12,725	1,294	2,399	-	(1,336)	(1,295)	13,787
3 Oct 2013	-	-	-	5,358	-	(1)	5,357
	50,817	5,142	8,808	5,358	(12,987)	(1,760)	55,378

A new option was granted on 3 October 2013 with an estimated fair value of 47.60 sen per option. The option outstanding at the end of the financial year has a remaining contractual life of approximately 7 months (2012: 1.8 years). In the previous financial year, an option with an estimated fair value of 32.10 sen per option was granted on 30 July 2012.

The number of granted options which are exercisable by the employees within a specified period is tied to the Group's achievement of its internal target profit after tax and subject to the approval of Option Committee.

The fair values of options granted were calculated using the Black-Scholes Pricing Model. The inputs into the model were as follows:

	Options granted on	
	3 October 2013	30 July 2012
Share price	RM2.31	RM2.11
Exercise price	RM2.03	RM1.92
Expected volatility	44.06%	26.35%
Expected life (days to expiry)	279	709
Risk free rate	3.06%	2.987%
Expected dividend yield	3.29%	5.21%

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.

## 25. RESERVES

### (b) Equity-settled employees benefit reserve (continued)

The Group and the Company recognise total fair value in profit or loss amounting to RM800,786 (2012: RM1,206,434) for the above new option granted on 3 October 2013 (2012: 30 July 2012) during the financial year.

### (c) Warrant reserve

Warrant reserve arose from the issuance of free detachable warrants pursuant to the Rights Issue during the financial year. The warrant reserve was arrived at based on the theoretical fair value of RM0.38 per warrant determined based on Black-Scholes Pricing Model.

### (d) 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.

### (e) Equity component of convertible bonds

The equity component of convertible secured bonds represents the residual amount of the convertible secured 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 secured bonds are set out in Note 27.

## 26. RETAINED EARNINGS

At the end of the reporting period, the entire balance of the retained earnings of the Company is available for distribution as dividends under the single tier income tax system.

## 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:

- (a) 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;

## 27. REDEEMABLE CONVERTIBLE SECURED BONDS (continued)

- (b) All or any part of the Bonds are convertible at a conversion price of RM2.09, which was subsequently adjusted to RM1.89 and RM1.57 pursuant to the Rights and Bonus Issues respectively, into fully paid new shares of the Company at any time between issuance date up to the maturity date;
- (c) 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;
- (d) Coupon is at 3.25% per annum based on the nominal value of the Bonds outstanding and is payable semi-annually in arrears; and
- (e) 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, respectively.

The liability component of the Bonds is recognised in the statements of financial position as follows:-

	<b>The Group and the Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>275,785</b>	268,298
Interest expense (Note 10)	<b>18,498</b>	18,021
Interest paid	<b>(10,563)</b>	(10,534)
At 31 December	<b><u>283,720</u></b>	<u>275,785</u>

Interest expense on the Bonds 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 Bonds.



## 28. TERM LOANS

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Secured</b>					
Term loans	(a)	795,170	603,837	4,932	-
Bridging loans	(b)	26,411	2,600	-	-
Foreign term loans	(c)	9,811	12,638	-	-
		<u>831,392</u>	<u>619,075</u>	<u>4,932</u>	<u>-</u>

The terms loans are repayable as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Current:</b>				
Repayable not later than 1 year	74,922	28,675	-	-
<b>Non-current:</b>				
Repayable later than 1 year and not later than 2 years	186,023	185,235	4,932	-
Repayable later than 2 years and not later than 5 years	485,027	405,165	-	-
Repayable more than 5 years	85,420	-	-	-
	<u>756,470</u>	<u>590,400</u>	<u>4,932</u>	<u>-</u>
	<u>831,392</u>	<u>619,075</u>	<u>4,932</u>	<u>-</u>

## (a) Term Loans

**The Group**

As at 31 December 2013, the Group has term loans facilities from local licensed banks of RM1,618,029,819 (2012: RM1,304,742,371).

The term loans are secured by way of legal charges, specific debenture and general debenture over the development land, investment properties, legal charges over Escrow Account and deposits with licensed banks and are guaranteed by the Company.

28. **TERM LOANS (continued)**(a) **Term Loans (continued)****The Company**

During the year, the Company had drawdown a term loan facility of RM20,000,000 from a local licensed bank. The term loan has been partially settled with outstanding balance of RM4,932,498 as at 31 December 2013.

The term loan was secured by way of legal charges over Escrow Account.

(b) **Bridging Loans**

As at 31 December 2013, the Group has bridging loans facilities from local licensed banks of RM140,000,000 (2012: RM86,000,000).

The bridging loans are secured by way of legal charges, specific debenture and general debenture over the development land of the subsidiary companies, investment properties and are guaranteed by the Company.

(c) **Foreign Term Loans**

As at 31 December 2013, a foreign subsidiary company has foreign term loan facilities obtained from foreign licensed banks of RM16,030,986 (2012: RM18,484,079).

The foreign term loans are secured by way of legal charges over certain property, plant and equipment, prepaid leasehold land, inventories and assignment over trade receivables of the subsidiary company.

The currency profile of the term loans is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>821,581</b>	606,437	<b>4,932</b>	-
Indonesian Rupiah	<b>9,811</b>	12,638	-	-
	<b>831,392</b>	619,075	<b>4,932</b>	-

During the financial year, the interest rates of the term loans are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Local currency	<b>4.4 – 5.1</b>	4.3 – 5.1	<b>4.6</b>	4.9 – 5.0
Foreign currency: Indonesian Rupiah	<b>10.5 – 12.0</b>	10.5 – 12.0	-	-

## 29. LONG-TERM AND DEFERRED PAYABLES

	Note	The Group	
		2013 RM'000	2012 RM'000
Finance lease and hire purchase liabilities	(a)	3,670	2,439
Deferred payables	(b)	77,537	52,109
Retirement benefit obligations	30	3,522	3,426
		<u>84,729</u>	<u>57,974</u>
		The Group	
		2013 RM'000	2012 RM'000
(a) <b>Finance lease and hire purchase liabilities</b>			
Minimum finance lease and hire purchase payments:			
- not later than 1 year		1,926	1,311
- later than 1 year and not later than 5 years		4,115	2,615
		<u>6,041</u>	<u>3,926</u>
Future finance charges on finance lease and hire purchase liabilities:			
- not later than 1 year		(191)	(137)
- later than 1 year and not later than 5 years		(445)	(176)
		<u>(636)</u>	<u>(313)</u>
Principal of finance lease and hire purchase liabilities		<u>5,405</u>	<u>3,613</u>
Principal of finance lease and hire purchase liabilities:			
- not later than 1 year (Note 32)		1,735	1,174
- later than 1 year and not later than 5 years		3,670	2,439
		<u>5,405</u>	<u>3,613</u>

The average term for finance lease and hire-purchase is 5 years (2012: 5 years). For the financial year ended 31 December 2013, the average effective borrowing rate was 2.56% (2012: 2.63%) 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 in Note 14.

## 29. LONG-TERM AND DEFERRED PAYABLES

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
(b) <b>Deferred payables at amortised cost</b>		
- not later than 1 year	44,923	26,075
- later than 1 year and not later than 5 years	77,537	52,109
	<u>122,460</u>	<u>78,184</u>

Included in the deferred payables shown above are payables for acquisition of development land and joint developments on land of RM89,618,179 (2012: RM59,121,831) and RM11,374,069 (2012: RM13,520,148) respectively and development charges of RM21,467,611 (2012: RM5,541,567) made under deferred payment terms. These deferred payables are measured at amortised costs at an imputed interest rate of 4.5% (2012: 4.5%) per annum except for development charges of RM20,392,000 which is measured at amortised costs at an imputed interest rate of 8.0% (2012: Nil).

## 30. RETIREMENT BENEFIT OBLIGATIONS

A foreign subsidiary company operates an unfunded defined retirement benefit scheme ("the Scheme") for its eligible employees.

The amounts recognised in the statements of financial position are determined as follows:

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
Present value of retirement benefits obligations (Note 29)	<u>3,522</u>	<u>3,426</u>

## 30. RETIREMENT BENEFIT OBLIGATIONS (continued)

Movements in the net liability in the current financial year are as follows:

	The Group	
	2013	2012
	RM'000	RM'000
At 1 January	3,426	2,828
Net amounts recognised in profit or loss (Note 7)	881	919
Benefit paid	(75)	(30)
Currency translation differences	(710)	(291)
	<u>3,522</u>	<u>3,426</u>
At 31 December		

The amounts recognised in profit or loss are as follows:

	The Group	
	2013	2012
	RM'000	RM'000
Current service cost	591	552
Interest on obligation	236	279
Net actuarial losses recognised in financial year	49	81
Accelerate recognition of past service cost	5	7
	<u>881</u>	<u>919</u>
Total included in staff cost (Note 8)		

Principal actuarial assumptions used:

	The Group	
	2013	2012
	%	%
Discount rate	9.0	6.0
Expected rate of salary increase	<u>10.0</u>	<u>10.0</u>

No sensitivity analysis on the principal actuarial assumptions is prepared as the Group does not expect any material effect on the Group's profit or loss and other comprehensive income arising from the effect of reasonably possible changes to the above principal actuarial assumptions at the end of the reporting period.

## 31. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At 1 January	(42,483)	(20,569)	3,612	5,507
Arose from the acquisition of a subsidiary company (Note 18)	-	15,020	-	-
Recognised in profit or loss (Note 11)	(13,853)	(36,934)	(2,016)	(1,895)
At 31 December	<u>(56,336)</u>	<u>(42,483)</u>	<u>1,596</u>	<u>3,612</u>

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 statements of financial position:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	(75,496)	(64,456)	-	-
Deferred tax liabilities	<u>19,160</u>	<u>21,973</u>	<u>1,596</u>	<u>3,612</u>
	<u>(56,336)</u>	<u>(42,483)</u>	<u>1,596</u>	<u>3,612</u>

## 31. DEFERRED TAX LIABILITIES/(ASSETS) (continued)

The components and movements of deferred tax liabilities during the financial year are as follows:

**Deferred tax liabilities**

The Group	Property, plant and equipment RM'000	Property development costs RM'000	Redeemable convertible bonds RM'000	Offsetting RM'000	Total RM'000
At 1 January 2012	4,595	-	5,295	(3,002)	6,888
Arose from the acquisition of a subsidiary company (Note 18)	-	15,020	-	-	15,020
Recognised in profit or loss	2,538	(457)	(1,868)	(148)	65
At 31 December 2012/1 January 2013	7,133	14,563	3,427	(3,150)	21,973
Recognised in profit or loss	1,237	(2,748)	(1,988)	686	(2,813)
<b>At 31 December 2013</b>	<b>8,370</b>	<b>11,815</b>	<b>1,439</b>	<b>(2,464)</b>	<b>19,160</b>

## 31. DEFERRED TAX LIABILITIES/(ASSETS) (continued)

The components and movements of deferred tax assets during the financial year are as follows:

Deferred tax assets	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
The Group						
At 1 January 2012	(9,006)	(16,952)	(2,376)	(2,125)	3,002	(27,457)
Recognised in profit or loss	(43,235)	7,348	185	(1,445)	148	(36,999)
At 31 December 2012/1 January 2013	(52,241)	(9,604)	(2,191)	(3,570)	3,150	(64,456)
Recognised in profit or loss	(20,365)	7,919	1,643	449	(686)	(11,040)
At 31 December 2013	(72,606)	(1,685)	(548)	(3,121)	2,464	(75,496)

118

184



## 31. DEFERRED TAX LIABILITIES/(ASSETS) (continued)

The components and movements of deferred tax liabilities during the financial year are as follows:

**Deferred tax liabilities**

<b>The Company</b>	<b>Property, plant and equipment RM'000</b>	<b>Redeemable convertible bonds RM'000</b>	<b>Total RM'000</b>
At 1 January 2012	212	5,295	5,507
Recognised in profit or loss	<u>(27)</u>	<u>(1,868)</u>	<u>(1,895)</u>
At 31 December 2012/1 January 2013	185	3,427	3,612
Recognised in profit or loss	<u>(28)</u>	<u>(1,988)</u>	<u>(2,016)</u>
<b>At 31 December 2013</b>	<b><u>157</u></b>	<b><u>1,439</u></b>	<b><u>1,596</u></b>

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:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Deductible temporary differences	89,711	149,121
Unused tax losses	47,145	12,961
Unabsorbed capital allowances	<u>1,050</u>	<u>793</u>
	<b><u>137,906</u></b>	<b><u>162,875</u></b>

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.

## 32. TRADE AND OTHER PAYABLES

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables	(a)	294,224	256,583	-	-
Payable for acquisition of development land		210,531	326,502	-	-
Retention sum		172,358	122,302	-	-
Other payables	(b)	71,946	72,108	1,809	2,132
Finance lease and hire purchase liabilities (Note 29)		1,735	1,174	-	-
Amounts due to subsidiary companies	(c)	-	-	293,523	255,766
Amount due to non-controlling shareholders of subsidiary companies	(d)	1,823	714	-	-
Payable for acquisition of property, plant and equipment	(e)	3,130	6,793	84	84
Advances received from customers		3,845	21,805	-	-
Deposits received from customers		25,613	24,906	-	-
		785,205	832,887	295,416	257,982
Progress billings for property development		440,297	331,444	-	-
Provision for future operating lease commitment (Note 40)	(f)	-	4,889	-	-
Provision for affordable housing obligations	(g)	91,566	102,647	-	-
Accrued operating expenses		53,194	42,561	521	3,279
		<u>1,370,262</u>	<u>1,314,428</u>	<u>295,937</u>	<u>261,261</u>

## (a) Trade payables

The credit terms for trade payables of the Group range from cash basis to 90 days (2012: cash basis to 90 days).

**32. TRADE AND OTHER PAYABLES (continued)****(b) Other payables**

Included in other payables of the Group are payables for development charges made under deferred payment terms amounting to RM11,895,829 (2012: RM4,512,274).

**(c) Amounts due to subsidiary companies**

Amounts due to subsidiary companies arose mainly from inter-company advances and payments on behalf. They are unsecured, bear interest at 3% per annum and repayable on demand except for an amount of RM3,179,362 (2012: RM2,637,323) which is interest free. During the financial year, interest expense amounting to RM9,155,431 (2012: RM17,085,381) has been recognised in profit or loss of the Company.

**(d) Amount due to non-controlling shareholders of subsidiary companies**

Amount due to non-controlling shareholders of subsidiary companies are unsecured, have no fixed terms of repayment and bears interest at rates ranging from 0.3% and 8.6% (2012: 0.28% to 0.45%) per annum. During the financial year, interest expense amounting to RM42,082 (2012: RM3,370) has been recognised in profit or loss of the Group.

**(e) Payable for acquisition of property, plant and equipment**

Included in payable for acquisition of property, plant and equipment are amounts of RM2,790,674 denominated in United States Dollar and RM9,721 denominated in Japanese Yen (2012: RM5,543,105 denominated in United States Dollar and RM600,000 denominated in Japanese Yen) which are interest-free.

**(f) Provision for future operating lease commitment**

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. The leaseback which commenced in September 2011 has expired in August 2013.

## 32. TRADE AND OTHER PAYABLES (continued)

## (f) Provision for future operating lease commitment (continued)

The movements of the provision for future operating lease commitment are as follows:

	The Group	
	2013 RM'000	2012 RM'000
At 1 January	4,889	11,800
Provision made during the year (Note 7)	-	1,636
Utilisation of provision during the year	<u>(4,889)</u>	<u>(8,547)</u>
At 31 December	<u>-</u>	<u>4,889</u>

## (g) Provision for affordable housing obligations

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 estimated amount of shortfall relating to affordable housing obligation be recognised as a provision. The recognition of such provision would result in the recognition of a corresponding asset in the form of common costs in the development of premium housing as included in Note 20 on Property Development Costs.

The movements of the provision for affordable housing obligations are as follows:

	The Group	
	2013 RM'000	2012 RM'000
At 1 January	102,647	55,589
Provision made during the year	19	57,130
Utilisation of provision during the year	<u>(11,100)</u>	<u>(10,072)</u>
At 31 December	<u>91,566</u>	<u>102,647</u>

32. **TRADE AND OTHER PAYABLES (continued)**

The currency profile of trade and other payables is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	760,829	816,813	295,416	237,982
United States Dollar	16,591	10,154	-	-
Indonesian Rupiah	5,600	5,575	-	-
Others	2,185	345	-	-
	<u>785,205</u>	<u>832,887</u>	<u>295,416</u>	<u>237,982</u>

33. **SHORT-TERM BORROWINGS**

	<b>Note</b>	<b>The Group</b>	
		<b>2013</b>	<b>2012</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Secured:</b>			
Foreign revolving credits	(a)	5,424	5,425
Local revolving credits	(b)	-	3,450
Local bankers acceptances	(c)	3,564	2,430
<b>Total</b>		<u>8,988</u>	<u>11,305</u>

(a) **Foreign revolving credits**

The foreign revolving credit facilities obtained from a foreign licensed bank totaling RM5,424,426 (2012: RM5,762,998) 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 currency profile of foreign revolving credits is as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
United States Dollar	3,276	2,905
Indonesian Rupiah	2,148	2,520
	<u>5,424</u>	<u>5,425</u>

33. **SHORT-TERM BORROWINGS (continued)**(b) **Local revolving credits**

As at 31 December 2013, the Group has secured local revolving credit facilities from licensed banks of RM20,000,000 (2012: RM20,000,000). The local revolving credit facilities are secured against negative pledges over present and future assets, a deed of assignment over building and guaranteed by the Company.

As at 31 December 2013, the Company has revolving credit facilities of RM6,000,000 (2012: RM6,000,000) obtained from local licensed bank.

(c) **Local bankers acceptances**

The local bankers acceptances are secured against on negative pledges over the present and future assets of a subsidiary company and guaranteed by the Company.

The above borrowings bear interest at the following range of floating rates and their fair values approximate their carrying values at the end of the reporting period.

	The Group		The Company	
	2013	2012	2013	2012
	%	%	%	%
Foreign revolving credits:				
- United States Dollar	6.50	6.50	-	-
- Indonesian Rupiah	10.50	10.50	-	-
Local revolving credits	-	4.45 - 4.90	-	-
Local bankers acceptances	3.66 - 3.97	3.62 - 3.98	-	-

34. **BANK OVERDRAFTS**

	The Group	
	2013	2012
	RM'000	RM'000
<b>Secured:</b>		
Foreign - Indonesian Rupiah	340	519

The bank overdrafts bear interests at 10.5% (2012: 10.5%) per annum.

As at 31 December 2013, the Group has secured overdraft facilities from local and foreign licensed banks of RM6,450,000 (2012: RM7,950,000) and RM537,231 (2012: RM629,996) respectively.

The foreign bank overdrafts are secured against legal charges over certain property, plant and equipment, prepaid leasehold land, inventories and assignment over trade receivables of a subsidiary company. The local bank overdraft facility is secured by legal charge over a development land and negative pledge over present and future assets of a subsidiary company and guarantees issued by the Company.

## 35. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	32,471	19,795	560	270
Project accounts	343,087	277,826	-	-
Deposits with licensed banks	95,012	291,835	81,222	239,484
Investments in short-term funds	351,720	4	351,720	4
Bank overdrafts	(340)	(519)	-	-
	<u>821,950</u>	<u>588,941</u>	<u>433,502</u>	<u>239,758</u>
Less: Deposits pledged as collateral	(11,648)	(37,774)	-	-
Deposits in Escrow Account	(1,981)	(7,393)	-	-
	<u>808,321</u>	<u>543,774</u>	<u>433,502</u>	<u>239,758</u>

## 36. CONTINGENT LIABILITIES

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Corporate guarantees issued to financial institutions for credit facilities granted to subsidiary companies	-	-	2,123,242	1,587,450
Corporate guarantees issued to third parties for supply of goods	8,489	6,000	8,489	6,000
Bank guarantees issued to third parties	15,602	8,241	-	-
Others	700	707	-	-
	<u>24,791</u>	<u>14,948</u>	<u>2,131,731</u>	<u>1,593,450</u>

## 37. MATERIAL LITIGATION

In the ordinary course of business, certain companies within the Group are defendants in various legal actions 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.

### 38. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

#### (a) 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 maximise returns for shareholders and benefits for other stakeholders. The capital structure of the Group and the Company comprises net debt (borrowings offset by deposit, cash and bank balances as detailed in Notes 23, 27, 28, 33 and 34) 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 2013.

#### (b) Net Gearing Ratio

The net gearing ratio at the respective reporting dates are as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total borrowings	<b>1,129,845</b>	910,297	<b>288,652</b>	275,785
Less: Deposit, cash and bank balances	<b>(822,290)</b>	(589,460)	<b>(433,502)</b>	(239,758)
Net debt/(Net cash)	<b>307,555</b>	320,837	<b>(144,850)</b>	36,027
Total equity	<b>1,963,279</b>	1,255,001	<b>1,298,872</b>	725,910
Net debt-to-equity ratio	<b>0.16</b>	0.26	<b>N/A</b>	0.05



38. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)**

(c) **Categories of Financial Instruments**

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
<b>At FVTPL:</b>				
Investment in short-term funds	351,720	4	351,720	4
<b>Loans and receivables:</b>				
Trade and other receivables	454,072	317,966	1,254,112	835,079
Deposits, cash and bank balances	470,570	589,456	81,782	239,754
	<u>1,276,362</u>	<u>907,426</u>	<u>1,687,614</u>	<u>1,074,837</u>
<b>Financial liabilities</b>				
<b>At amortised costs:</b>				
Trade and other payables	797,174	830,832	295,937	261,261
Redeemable convertible secured bonds	283,720	275,785	283,720	275,785
Loans and borrowings	846,125	634,512	4,932	-
Long-term and deferred payables	77,537	52,109	-	-
	<u>2,004,556</u>	<u>1,793,238</u>	<u>584,589</u>	<u>537,046</u>

(d) **Financial Risk Management Objectives and Policies**

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
  - Foreign currency risk
  - Interest rate risk
- Credit risk
- Liquidity risk
- Cash flow risk

***Risk management objectives, policies and procedures for managing the 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.

## 38. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

## (d) Financial Risk Management Objectives and Policies (continued)

## (i) Market risk

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk on certain transactions entered into by subsidiary companies in currencies other than its functional currency.

*Exposure to foreign currency risk*

The Group's exposures to foreign currency risk (a currency which is other than the functional currency of the subsidiary companies), based on carrying amounts as at the end of the reporting period were as follows:

2013	RM/AUD RM'000	RM/SGD RM'000	RM/USD RM'000	USD/RP RM'000	USD/JPY RM'000	USD/THB RM'000
The Group						
Trade and other receivables	364	876	6,257	15,439	-	-
Loans and borrowings	-	-	-	(12,299)	-	-
Trade and other payables	-	-	(5,408)	(9,129)	(514)	(1,671)
Net exposure	364	876	849	(5,989)	(514)	(1,671)

38. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)**

(d) **Financial Risk Management Objectives and Policies (continued)**

(i) **Market risk (continued)**

*Foreign currency risk (continued)*

2012		
The Group	USD/RP RM'000	USD/JPY RM'000
Trade and other receivables	14,349	-
Loans and borrowings	(15,677)	-
Trade and other payables	<u>(9,049)</u>	<u>(345)</u>
Net exposure	<u>(10,377)</u>	<u>(345)</u>

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the exchange rates against the functional currency of the Group entities, with all other variables held constant.

The Group	Change in currency rate %	Group profit after tax	
		2013 RM'000	2012 RM'000
RM/AUD	+ 3.0	(8)	-
RM/SGD	+ 3.0	(20)	-
RM/USD	+ 3.0	(19)	-
USD/RP	+ 3.0	135	233
USD/JPY	+ 3.0	11	8
USD/THB	+ 3.0	<u>38</u>	<u>-</u>

For a 3% (2012: 3%) weakening of RM and USD against the above relevant currencies at the end of the reporting period, there would be a comparable opposite effect on the Group's profit after tax.

38. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)**

(d) **Financial Risk Management Objectives and Policies (continued)**

(i) **Market risk (continued)**

*Interest rate risk*

The Group's exposure to interest rate risk arises primarily from the loans and borrowings. The interest rate management policy is aimed at optimising net interest cost and reducing volatility.

*Exposure to interest rate risk*

The Group's exposures to interest rate risk, based on carrying amounts as at the end of the reporting period is disclosed in Notes 28, 33 and 34, respectively.

*Cash flow sensitivity analysis for variable rate instruments*

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 after tax through the impact on interest expense on floating rate loans and borrowings.

	Change in interest rate %	Group profit after tax	
		2013 RM'000	2012 RM'000
<b>The Group</b>			
Cost of fund	- 25	1,576	1,183
Cost of fund	+ 25	<u>(1,576)</u>	<u>(1,183)</u>
<b>The Company</b>			
Cost of fund	- 25	9	-
Cost of fund	+ 25	<u>(9)</u>	<u>-</u>

(ii) **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligation resulting in financial loss to the Group.

The Group's exposure to credit risk arises principally from trade and other receivables and financial guarantees given to third parties for supply of goods.

38. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)**

(d) **Financial Risk Management Objectives and Policies (continued)**

(ii) **Credit risk (continued)**

*Loans and receivables*

*Risk management objectives, policies and processes for managing the risk*

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 end of the reporting period, the Group's and the Company's maximum exposure to credit risk arising from trade and other receivables are represented by the carrying amounts in the statements of financial position.

*Financial guarantee*

*Risk management objectives, policies and processes for managing the risk*

The Group and the Company provide financial guarantee to financial institutions and third parties for credit facilities and supply of goods respectively granted to subsidiary companies. The Company monitors the results of the subsidiary companies regularly and repayments made by the subsidiary companies.

*Exposure to credit risk*

The Group's and the Company's maximum exposure to credit risk amount to RM24,091,259 and RM2,131,731,117 (2012: RM14,241,134 and RM1,593,449,962) respectively, representing the corporate and bank guarantees issued to financial institutions and third parties as at the end of the reporting period.

### 38. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

#### (d) Financial Risk Management Objectives and Policies (continued)

##### (iii) Liquidity risk

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 practise 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 end of the reporting period based on contractual undiscounted repayment obligations:

	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2013</b>				
<b>Group</b>				
<i>Non-interest bearing</i>				
Trade and other payables	757,746	-	-	757,746
Long term and deferred payables	33,103	74,621	-	107,724
Financial guarantee* (Note 36)	-	-	-	-
<i>Interest bearing</i>				
Redeemable convertible secured bonds	10,563	31,745	330,180	372,488
Trade and other payables	1,823	-	-	1,823
Loans and borrowings	123,999	740,192	87,453	951,644
Long term and deferred payables	12,216	10,705	-	22,921
Total undiscounted financial liabilities	<u>939,450</u>	<u>857,263</u>	<u>417,633</u>	<u>2,214,346</u>

38. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

(d) Financial Risk Management Objectives and Policies (continued)

(iii) Liquidity risk (continued)

	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2013</b>				
<b>Company</b>				
<i>Non-interest bearing</i>				
Trade and other payables	5,593	-	-	5,593
Financial guarantee* (Note 36)	-	-	-	-
<i>Interest bearing</i>				
Redeemable convertible secured bonds	10,563	31,745	330,180	372,488
Trade and other payables	290,344	-	-	290,344
Total undiscounted financial liabilities	<u>306,500</u>	<u>31,745</u>	<u>330,180</u>	<u>668,425</u>
<b>2012</b>				
<b>Group</b>				
<i>Non-interest bearing</i>				
Trade and other payables	809,172	-	-	809,172
Long term and deferred payables	22,384	58,862	-	81,246
Financial guarantee* (Note 36)	-	-	-	-
<i>Interest bearing</i>				
Redeemable convertible secured bonds	10,563	42,308	330,180	383,051
Trade and other payables	714	-	-	714
Loans and borrowings	66,689	630,520	-	697,209
Long term and deferred payables	4,512	1,076	-	5,588
Total undiscounted financial liabilities	<u>914,034</u>	<u>732,766</u>	<u>330,180</u>	<u>1,976,980</u>

38. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)**

(d) **Financial Risk Management Objectives and Policies (continued)**

(iii) **Liquidity risk (continued)**

	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2012</b>				
<b>Company</b>				
<i>Non-interest bearing</i>				
Trade and other payables	8,132	-	-	8,132
Financial guarantee* (Note 36)	-	-	-	-
<i>Interest bearing</i>				
Redeemable convertible secured bonds	10,563	42,308	330,180	383,051
Trade and other payables	253,129	-	-	253,129
Total undiscounted financial liabilities	<u>271,824</u>	<u>42,308</u>	<u>330,180</u>	<u>644,312</u>

\* 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.

(iv) **Cash flow risk**

The Group and the Company review their cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with their monetary financial instruments.



38. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)**

(d) **Financial Risk Management Objectives and Policies (continued)**

(v) **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 period. There is no material difference between the fair values and carrying values of these assets and liabilities as of the reporting period. 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 values, together with the carrying amounts of the redeemable convertible secured bonds and long-term deferred payables shown in the statements of financial position are as follows:

	<b>The Group and The Company</b>			
	2013		2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities</b>				
Redeemable convertible secured bonds	<u>283,720</u>	<u>284,263</u>	<u>275,785</u>	<u>276,444</u>

	<b>The Group</b>			
	2013		2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities</b>				
Long-term deferred payables	<u>122,460</u>	<u>123,914</u>	<u>78,184</u>	<u>78,230</u>

38. **CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)**

(d) **Financial Risk Management Objectives and Policies (continued)**

(v) **Fair value (continued)**

The table below analyses fair value measurement of financial instruments which are categorised into Levels 1 to 3 as disclosed in Note 3.

There is no transfer between Level 1 and 2 fair values during the financial year ended 31 December 2013 and 2012.

*Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period*

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2013</b>				
<b>Group</b>				
<b>Financial assets</b>				
Investment in short-term funds	351,720	-	-	351,720
<b>Company</b>				
<b>Financial assets</b>				
Investment in short-term funds	351,720	-	-	351,720
<b>2012</b>				
<b>Group</b>				
<b>Financial assets</b>				
Investment in short-term funds	4	-	-	4
<b>Company</b>				
<b>Financial assets</b>				
Investment in short-term funds	4	-	-	4

38. CAPITAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

(d) Financial Risk Management Objectives and Policies (continued)

(v) Fair value (continued)

*Fair value of financial instruments that are not measured at fair value in the statements of financial position at the end of the reporting period (but fair value disclosures are required)*

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2013</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Redeemable				
convertible loans-secured	-	284,263	-	284,263
Long-term deferred payables	-	123,914	-	123,914
<b>Company</b>				
<b>Financial liabilities</b>				
Redeemable				
convertible loans-secured	-	284,263	-	284,263
<b>2012</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Redeemable				
convertible loans-secured	-	276,444	-	276,444
Long-term deferred payables	-	78,230	-	78,230
<b>Company</b>				
<b>Financial liabilities</b>				
Redeemable				
convertible loans-secured	-	276,444	-	276,444

### 39. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments, which reflects 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, provision of management and property support services and trading of building materials

## 39. SEGMENT REPORTING (continued)

Inter-segment revenue comprises dividend income and interest charges.

Information regarding the Group's reportable segments is presented below:

## (a) Business Segments

2013	Properties RM'000	Plastics RM'000	Investment Holding and Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>					
External revenue	1,721,968	235,444	48,184	-	2,005,596
Inter-segment revenue	-	-	174,378	(174,378)	-
	<u>1,721,968</u>	<u>235,444</u>	<u>222,562</u>	<u>(174,378)</u>	<u>2,005,596</u>
<b>Results</b>					
Operating profit	346,341	15,106	179,975	(172,674)	368,748
Interest income					6,013
Finance costs					(3,257)
Income tax expense					(92,243)
Profit for the year					<u>279,261</u>
<b>Other Information</b>					
Additions to non- current assets	178,314	14,338	561	-	193,213
Depreciation and amortisation	4,387	11,786	248	-	16,421
<b>Assets and Liabilities</b>					
Segment assets	3,884,560	171,982	445,168	-	4,501,710
Current and deferred tax assets					<u>82,041</u>
Total assets					<u>4,583,751</u>
Segment liabilities	2,216,798	63,015	299,618		2,579,431
Current and deferred tax liabilities					<u>41,041</u>
Total liabilities					<u>2,620,472</u>

## 39. SEGMENT REPORTING (continued)

## (a) Business Segments (continued)

2012	Properties RM'000	Plastics RM'000	Investment Holding and Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>					
External revenue	1,554,494	208,822	11,944	-	1,775,260
Inter-segment revenue	-	-	149,185	(149,185)	-
	<u>1,554,494</u>	<u>208,822</u>	<u>161,129</u>	<u>(149,185)</u>	<u>1,775,260</u>
<b>Results</b>					
Operating profit	302,223	16,192	143,344	(148,465)	313,294
Interest income					4,431
Finance costs					(2,202)
Income tax expense					<u>(83,755)</u>
Profit for the year					<u>231,768</u>
<b>Other Information</b>					
Addition to non- current assets	384,231	30,568	447	-	415,246
Depreciation and amortisation	4,032	9,743	157	-	13,932
<b>Assets and Liabilities</b>					
Segment assets	3,112,870	166,660	244,595	-	3,524,125
Current and deferred tax assets					<u>70,961</u>
Total assets					<u>3,595,086</u>
Segment liabilities	1,924,898	70,871	283,317	-	2,279,086
Current and deferred tax liabilities					<u>60,999</u>
Total liabilities					<u>2,340,085</u>

**Segment assets**

Segment assets consist of property, plant and equipment, prepaid lease payments, investment properties, land held for property development, intangible assets, property development costs, inventories, other current assets that are used in the operating activities of the segment and excluding current and deferred tax assets.

39. **SEGMENT REPORTING (continued)**(a) **Business Segments (continued)****Segment liabilities**

Segment liabilities include loans and borrowings, trade payables and other payables and redeemable convertible secured bonds and excluding current and deferred tax liabilities.

**Additions to non-current assets**

Additions to non-current assets comprise additions to property, plant and equipment, prepaid lease payments, 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.

**Revenue by geographical market**

The following is an analysis of the Group's external sales by location of customers, irrespective of the origin of the goods/services:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>1,662,741</b>	1,589,840
Indonesia	<b>122,336</b>	98,542
Singapore	<b>94,679</b>	25,688
Hong Kong	<b>35,274</b>	10,500
Other countries	<b>90,566</b>	50,690
	<b><u>2,005,596</u></b>	<u>1,775,260</u>

39. **SEGMENT REPORTING (continued)**(b) **Geographical information (continued)****Segment assets and capital expenditure by geographical market**

The followings are 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	4,435,427	3,455,871	190,515	403,638
Indonesia	65,087	68,150	2,260	11,608
China	92	100	-	-
Singapore	1,104	4	438	-
	<u>4,501,710</u>	<u>3,524,125</u>	<u>193,213</u>	<u>415,246</u>

(c) **Major customer**

There is no single customer that contributed 10% or more to the Group's revenue for both 2013 and 2012.

40. **OPERATING LEASE COMMITMENTS****As Lessee – for the lease of commercial buildings**

The operating lease commitments were in respect of leaseback of commercial buildings sold en-bloc i.e. 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 was for a period of 3 and 2 years from the commencement date as set out in the respective leaseback agreements. The leaseback of commercial buildings for The Icon, Jalan Tun Razak – West Wing and East Wing and the Corporate Building Block of Southgate Commercial Centre had expired in October 2012, December 2012 and August 2013 respectively.



## 40. OPERATING LEASE COMMITMENTS (continued)

## As Lessee – for the lease of commercial buildings (continued)

The future operating lease commitments for rental of commercial buildings (net of lease rentals receivable from sublease) contracted for as at prior year reporting period but not recognised as liabilities were as follows:

	Lease rentals payable		Lease rentals receivable		Net	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Less than one year	-	10,000	-	(4,972)	-	5,028
	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(4,972)</u>	<u>-</u>	<u>5,028</u>
Provision for future operating lease (Note 32)					<u>-</u>	<u>(4,889)</u>
					<u>-</u>	<u>139</u>

During the financial year, the Group has recognised in profit or loss leaseback rental amounting to RM5.1 million (2012: RM30.6 million) and rental income from sublease amounting to RM5.1 million (2012: RM21.3 million). In prior financial year, the Group made provision of RM1.6 million 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 receivables under non-cancellable leases are as follows:

The Group	Lease rentals receivable	
	2013 RM'000	2012 RM'000
Less than one year	159	339
One to two years	<u>21</u>	<u>106</u>
	<u>180</u>	<u>445</u>

## 41. CAPITAL COMMITMENTS

	<b>The Group</b>	
	2013 RM'000	2012 RM'000
Approved and contracted for:		
- Acquisition of property, plant and equipment	6,297	10,245
- Construction of investment properties	39,348	50,808
- Proposed acquisition of development land	376,904	-
- Development Agreement for proposed development of land in Kota Kinabalu	158,740	-
	<u>581,289</u>	<u>61,053</u>

## 42. RELATED PARTY DISCLOSURES

(a) Significant related party disclosures during the financial year are as follows:

	<b>The Group</b>	
	2013 RM'000	2012 RM'000
<b>Transactions with directors of the Company and subsidiary companies</b>		
(i) Rental expenses paid to Principal View Sdn Bhd	1,481	1,313
(ii) Maintenance charges paid to Harian Madu Sdn Bhd	148	104
(iii) Sales of development properties to Directors of the Company and/or family member(s) and/or to a Company in which the family members of a Director has interest	3,829	1,512
(iv) Sales of development properties to Directors of subsidiary companies and/or family member(s)	-	3,786
(v) Professional fees paid to MPS Services (Pte) Ltd	9	17
(vi) Consultancy fees paid to M. Kiandee Architect	795	-
	<u>795</u>	<u>-</u>

## 42. RELATED PARTY DISCLOSURES (continued)

	<b>The Group</b>	
	2013	2012
	RM'000	RM'000
<b>Transactions with non-controlling interests</b>		
(i) Interests payable to:		
- PT Kingsanindo Perkasa Indah	3	3
- Diverse Capital Sdn Bhd	39	-
	<u>39</u>	<u>-</u>
	<b>The Company</b>	
	2013	2012
	RM'000	RM'000
<b>Transactions with subsidiary companies</b>		
(i) Finance costs charged on amount owing to subsidiary companies, which bears interest at 3% per annum (2012: 3% per annum)	9,155	17,086
(ii) Interest income on amount owing by subsidiary companies, which bears interest at 3%, 6.66% and 8.6% per annum (2012: 3% to 6.66% per annum)	<u>(41,777)</u>	<u>(41,446)</u>

**Related party and relationship**

<u>Name of related party</u>	<u>Relationship</u>
(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
(iii) MPS Services (Pte) Ltd	- A firm in which Alison See Lay Eng, director of a subsidiary company, is a director of the firm

## 42. RELATED PARTY DISCLOSURES (continued)

**Related party and relationship (continued)**

<u>Name of related party</u>	<u>Relationship</u>
(iv) M. Kiandee Architect	- A firm in which Melvinyeo Kiandee, director of a subsidiary company, is a director of the firm
(v) PT Kingsanindo Perkasa Indah	- Non-controlling interest of P.T. Mah Sing Indonesia
(vi) Diverse Capital Sdn Bhd	- Non-controlling interest of Convention City Development Sdn Bhd

## (b) Key management personnel compensation

**Directors of the Company**

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' fees	<b>150</b>	150	<b>150</b>	150
Other emoluments	<b>18,703</b>	15,377	-	1,562
Benefits-in-kind	<b>136</b>	124	<b>25</b>	58
Total short-term employment benefits	<b>18,989</b>	15,651	<b>175</b>	1,770
Post employment benefits				
- EPF	<b>2,090</b>	1,209	-	187
Options under ESOS	<b>415</b>	897	-	301
	<b>21,494</b>	17,757	<b>175</b>	2,258

## 42. RELATED PARTY DISCLOSURES (continued)

## (b) Key management personnel compensation (continued)

**Other key management personnel  
(including Directors of the subsidiary companies)**

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Remuneration	7,874	6,225	-	271
Benefits-in-kind	256	197	-	10
Total short-term employment benefits	8,130	6,422	-	281
Post employment benefits				
- EPF	915	699	-	32
Options under ESOS	689	1,197	-	56
	9,734	8,318	-	369
Total compensation	31,228	26,075	175	2,627

Movements in share options granted under the ESOS to key management personnel during the financial year are as follows:

	2013	2012
	Unit'000	Unit'000
<b>Directors of the Company</b>		
At 1 January	9,300	10,800
Adjustments		
- Rights Issue	952	-
- Bonus Issue	1,803	-
Exercised	(1,737)	(1,500)
At 31 December	10,318	9,300
<b>Other key management personnel (including Directors of the subsidiary companies)</b>		
At 1 January	12,784	13,605
Addition of key management personnel	1,890	-
Granted	455	490
Adjustments		
- Rights Issue	1,499	-
- Bonus Issue	2,433	-
Exercised	(5,103)	(1,311)
At 31 December	13,958	12,784

#### 43. SUBSEQUENT EVENTS

- (a) On 23 January 2014, the Group has offered 1,730,700 new options under the Employees' Share Options Scheme at the exercise price of RM2.00 per option.
- (b) On 23 January 2014, the Company completed the following acquisitions of subsidiary companies:
- (i) Enchanting View Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 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.
- (ii) Garden Vista Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 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.

#### 44. COMPARATIVE FIGURES

Certain comparative figures in the statement of profit or loss of the Group have been reclassified to conform with the current year's presentation as follows:

	As previously reported RM'000	Reclassifi- cation RM'000	As reclassified RM'000
<b>Statement of profit or loss</b>			
Other income	30,409	5,566	35,975
Interest income	9,997	(5,566)	4,431

#### 45. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS

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 20 December 2010. A charge or credit to 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 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 breakdowns 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Group and the Company				
- Realised	744,271	616,308	185,240	138,132
- Unrealised	73,025	60,464	(32)	(186)
	<u>817,296</u>	<u>676,772</u>	<u>185,208</u>	<u>137,946</u>
Total share of accumulated losses from associated company				
- Realised	(73)	(73)	-	-
	<u>817,223</u>	<u>676,699</u>	<u>185,208</u>	<u>137,946</u>
Less: Consolidation adjustments	16,803	(22,912)	-	-
	<u>834,026</u>	<u>653,787</u>	<u>185,208</u>	<u>137,946</u>
Total retained earnings as per statement of financial position				

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.

**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 15 to 148 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 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 149, 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 2014.

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

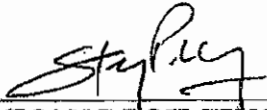
**TAN SRI DATO' SRI LEONG HOY KUM**  
Director



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

**DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE  
FINANCIAL MANAGEMENT OF THE COMPANY**

I, Dato' 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 15 to 148 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.



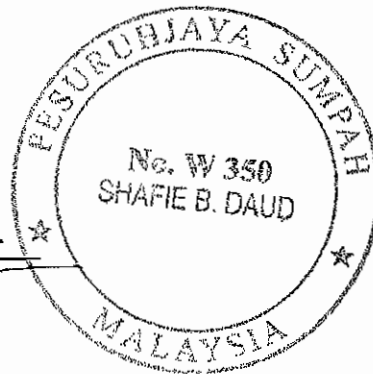
**DATO' NG POH SENG**

Subscribed and solemnly declared at Kuala Lumpur this 28 February 2014.

Before me:



**COMMISSIONER FOR OATHS**



38A, JALAN TUN MCHD FUAD 1  
TAMAN TUN DR. ISMAIL  
60000 KUALA LUMPUR

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF OUR GROUP FOR THE  
9-MONTH FPE 30 SEPTEMBER 2014**

CERTIFIED TRUE COPY

16 JAN 2015



.....  
YANG BAI LING  
Company Secretary  
MAICSA 7041240



**MAH SING GROUP BERHAD**

(230149-P)

A Premier Lifestyle Developer

(Incorporated in Malaysia)

**Interim Financial Report**

**30 September 2014**

# **MAH SING GROUP BERHAD**

Company No.: 230149-P  
(Incorporated in Malaysia)

## **Interim Financial Report - 30 September 2014**

	<b>Page No.</b>
<b>Condensed Consolidated Statement Of Financial Position</b>	<b>1</b>
<b>Condensed Consolidated Statement Of Profit Or Loss</b>	<b>2</b>
<b>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>3</b>
<b>Condensed Consolidated Statement Of Changes In Equity</b>	<b>4</b>
<b>Condensed Consolidated Statement Of Cash Flow</b>	<b>5 - 6</b>
<b>Notes To The Interim Financial Report</b>	<b>7 - 16</b>

**MAH SING GROUP BERHAD** (230149-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 30 September 2014***(The figures have not been audited)*

	AS AT 30/09/2014 RM'000	(AUDITED) AS AT 31/12/2013 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
<i>Property, plant and equipment</i>	115,874	114,146
<i>Prepaid lease payments</i>	6,777	7,173
<i>Investment properties</i>	108,214	86,194
<i>Land held for property development</i>	985,883	543,794
<i>Intangible assets</i>	7,876	11,499
<i>Deferred tax assets</i>	63,896	75,496
	<u>1,288,520</u>	<u>838,302</u>
<b>Current Assets</b>		
<i>Property development costs</i>	2,352,103	2,258,641
<i>Inventories</i>	67,953	76,225
<i>Trade and other receivables</i>	766,432	581,748
<i>Current tax assets</i>	6,121	6,545
<i>Deposits, cash and bank balances</i>	656,060	822,290
	<u>3,848,669</u>	<u>3,745,449</u>
<b>TOTAL ASSETS</b>	<u><b>5,137,189</b></u>	<u><b>4,583,751</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
<i>Share capital</i>	737,653	706,807
<i>Share premium</i>	393,633	331,716
<i>Other reserves</i>	84,922	79,743
<i>Retained earnings</i>	985,769	834,026
	<u>2,182,377</u>	<u>1,952,292</u>
<b>Non-controlling interests</b>	<u>10,352</u>	<u>10,987</u>
<b>Total Equity</b>	<u><b>2,192,729</b></u>	<u><b>1,963,279</b></u>
<b>Non-current Liabilities</b>		
<i>Redeemable convertible secured bonds</i>	292,663	283,720
<i>Term loans</i>	1,103,396	756,470
<i>Long term and deferred payables</i>	55,361	84,729
<i>Deferred tax liabilities</i>	16,750	19,160
	<u>1,468,170</u>	<u>1,144,079</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,364,985	1,370,262
<i>Term loans</i>	62,301	74,922
<i>Short term borrowings</i>	4,106	8,988
<i>Bank overdrafts</i>	143	340
<i>Current tax liabilities</i>	44,755	21,881
	<u>1,476,290</u>	<u>1,476,393</u>
<b>Total Liabilities</b>	<u><b>2,944,460</b></u>	<u><b>2,620,472</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>5,137,189</b></u>	<u><b>4,583,751</b></u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<u><b>1.48</b></u>	<u><b>1.38</b></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the financial period ended 30 September 2014**

*(The figures have not been audited)*

	3 months ended		Period ended		
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000	
Revenue	<b>713,554</b>	536,497	<b>2,060,772</b>	1,435,389	
Cost of sales	<b>(517,197)</b>	(385,660)	<b>(1,500,970)</b>	(990,179)	
Gross profit	<b>196,357</b>	150,837	<b>559,802</b>	445,210	
Other income	<b>1,825</b>	8,284	<b>7,905</b>	24,042	
Selling and marketing expenses	<b>(40,708)</b>	(31,891)	<b>(110,446)</b>	(82,676)	
Administrative expenses	<b>(42,793)</b>	(34,514)	<b>(117,733)</b>	(102,815)	
Other operating expenses	-	(1,271)	-	(5,114)	
Interest income	<b>2,109</b>	1,512	<b>4,157</b>	3,969	
Finance costs	<b>(946)</b>	(837)	<b>(2,809)</b>	(2,257)	
Profit before tax	<b>115,844</b>	92,120	<b>340,876</b>	280,359	
Income tax expense	<b>(30,176)</b>	(22,034)	<b>(86,655)</b>	(70,872)	
Profit for the period	<b>85,668</b>	70,086	<b>254,221</b>	209,487	
Profit attributable to:					
Equity holders of the Company	<b>85,939</b>	70,618	<b>254,701</b>	209,918	
Non-controlling interests	<b>(271)</b>	(532)	<b>(480)</b>	(431)	
	<b>85,668</b>	70,086	<b>254,221</b>	209,487	
Earnings per share attributable to equity holders of the Company:					
- Basic (sen)	Note B13	<b>5.86</b>	5.17	<b>17.73</b>	16.46
- Diluted (sen)	Note B13	<b>5.55</b>	4.66	<b>16.78</b>	15.15

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the financial period ended 30 September 2014**

*(The figures have not been audited)*

	3 months ended		Period ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>85,668</b>	70,086	<b>254,221</b>	209,487
<b>Other comprehensive income</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	(155)	979	(543)	2,033
Other comprehensive income for the period	<u>(155)</u>	<u>979</u>	<u>(543)</u>	<u>2,033</u>
<b>Total comprehensive income for the period</b>	<b><u>85,513</u></b>	<u>71,065</u>	<b><u>253,678</u></b>	<u>211,520</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	85,850	71,288	254,313	211,312
Non-controlling interests	(337)	(223)	(635)	208
	<b><u>85,513</u></b>	<u>71,065</u>	<b><u>253,678</u></b>	<u>211,520</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014

(The figures have not been audited)

	Attributable to equity holders of the Company									
	Non-Distributable					Distributable				
	Share capital RM'000	Share premium RM'000	Equity-settled employees benefit reserve RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
9 months ended 30 September 2014	706,807	331,716	11,423	46,589	4,502	17,129	834,026	1,952,292	10,987	1,963,279
Balance at 1/1/2014	-	-	-	-	-	-	264,701	254,701	(480)	254,221
Amount recognised directly in equity:	-	-	-	-	(388)	-	-	(388)	(155)	(543)
Profit for the financial period	-	-	-	-	(388)	-	264,701	264,313	(636)	263,678
Other comprehensive Income	-	-	-	-	-	-	(118,057)	(118,057)	-	(118,057)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Dividends for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to:	25,293	45,037	(14,514)	-	-	-	14,514	71,330	-	71,330
- ESOS exercised	4,763	17,080	-	(3,010)	-	-	-	18,823	-	18,823
- Warrants exercised	-	-	(685)	-	-	-	665	-	-	-
ESOS lapsed during the period	-	-	-	-	-	-	-	-	-	-
Recognition of share-based payment	-	-	3,576	-	-	-	-	3,576	-	3,576
Balance at 30/09/2014	737,863	393,933	-	43,579	4,214	17,129	985,769	2,182,377	10,362	2,192,739

	Attributable to equity holders of the Company									
	Non-Distributable					Distributable				
	Share capital RM'000	Share premium RM'000	Equity-settled employees benefit reserve RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
9 months ended 30 September 2013	419,934	140,287	10,514	-	3,146	17,129	653,787	1,244,897	10,104	1,255,001
Balance at 1/1/2013	-	-	-	-	-	-	209,918	209,918	(431)	209,487
Amount recognised directly in equity:	-	-	-	-	1,394	-	-	1,394	639	2,033
Profit for the financial period	-	-	-	-	1,394	-	209,918	211,312	208	211,520
Other comprehensive income	-	-	-	-	-	-	(104,075)	(104,075)	-	(104,075)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Dividends for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to:	113,101	(113,101)	-	-	-	-	-	-	-	-
- Bonus issue	6,194	12,190	(3,064)	-	-	-	3,064	16,384	-	18,384
- ESOS exercised	140,050	193,829	-	63,563	-	-	397,742	397,742	-	397,742
- Rights issue	14,604	52,663	-	(9,249)	-	-	58,018	58,018	-	58,018
- Warrants exercised	-	-	(294)	-	-	-	294	-	-	-
ESOS lapsed during the period	-	-	-	-	-	-	-	-	-	-
Recognition of share-based payment	-	-	3,092	-	-	-	-	3,092	-	3,092
Ordinary shares issued to non-controlling interests by a subsidiary company	-	-	-	-	-	-	-	-	1,568	1,568
Balance at 30/09/2013	633,883	285,868	10,348	54,514	4,540	17,129	762,988	1,829,370	11,830	1,841,250

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 2013 and the accompanying explanatory notes attached to the interim financial report.

**MAH SING GROUP BERHAD** (230149-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the financial period ended 30 September 2014***(The figures have not been audited)*

	9 months ended 30/09/2014 RM'000	9 months ended 30/09/2013 RM'000
<b>Operating Activities</b>		
Profit before tax	340,876	280,359
Adjustments for:		
Non-cash items	17,401	19,001
Non-operating items	15,366	7,336
Operating profit before changes in working capital	373,643	306,696
Net change in property development costs	(98,756)	(58,946)
Net change in inventories	8,901	(2,140)
Net change in receivables	(79,682)	(99,862)
Net change in payables	112,914	(10,164)
Cash generated from operations	317,020	135,584
Interest received	12,983	13,658
Interest paid	(33,485)	(30,112)
Tax paid	(54,110)	(59,847)
Net cash generated from operating activities	242,408	59,283
<b>Investing Activities</b>		
Additions to property, plant and equipment	(13,756)	(20,793)
Additions to investment properties	(22,020)	(9,340)
Additions to land held for property development	(95,260)	(39,469)
Acquisition of land	(575,861)	(407,038)
Proceeds from disposal of property, plant and equipment	221	1,139
Net cash used in investing activities	(706,676)	(475,501)
<b>Financing Activities</b>		
Dividends paid to shareholders of the Company	(118,057)	(104,075)
Net proceeds from borrowings	331,443	252,610
Net (placement)/withdrawal of deposits with licensed banks as collateral/Escrow Account	(11,263)	31,251
Payment for corporate exercise expenses	-	(4,431)
Payment of bonds coupon	(5,267)	(5,267)
Proceeds from issuance of ordinary shares by a subsidiary company to non-controlling interests	-	1,568
Proceeds from ESOS exercised	71,330	18,384
Proceeds from Rights Issue	-	397,742
Proceeds from warrants exercised	18,823	58,018
Net cash generated from financing activities	287,009	645,800
Net changes in cash and cash equivalents	(177,259)	229,582
Effect of exchange rate changes	(38)	21
Cash and cash equivalents at beginning of the financial period	808,321	543,774
Cash and cash equivalents at end of the financial period	631,024	773,377



**MAH SING GROUP BERHAD** (230149-P)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the financial period ended 30 September 2014 (cont'd)**

*(The figures have not been audited)*

	<b>9 months ended 30/09/2014 RM'000</b>	<b>9 months ended 30/09/2013 RM'000</b>
Cash and cash equivalents at the end of the financial period comprise the followings:		
Deposits with licensed banks	<b>140,471</b>	90,314
Investments in short term funds	<b>65,971</b>	304,279
Cash and bank balances	<b>449,618</b>	393,512
Bank overdrafts	<b>(143)</b>	(811)
	<b>655,917</b>	787,294
Less: Deposits pledged as collateral	<b>(23,584)</b>	(6,088)
Less: Deposits in Escrow Account	<b>(1,309)</b>	(7,829)
	<b>631,024</b>	773,377

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

**MAH SING GROUP BERHAD (230149-P)**  
**(Incorporated in Malaysia)**

---

**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 2013. 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 2013.

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 2013 save for the adoption of the followings:

FRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities)
FRS 12	Disclosure of Interests in Other Entities (Amendments relating to Investment Entities)
FRS 127	Separate Financial Statements (Amendments relating to Investment Entities)
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)
IC Interpretation 21	Levies

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.

**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 Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, which allowed these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for Transitioning Entities has been extended for an additional year. On 2 September 2014, MASB further announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

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 its first set of MFRS financial statements for the financial year ending 31 December 2017.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of this interim financial report, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

**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.

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**A4 Changes in estimates**

There were no material changes in estimates for the financial period under review.

**A5 Debt and equity securities**

During the financial period ended 30 September 2014, the Company increased its issued and paid up ordinary share capital from RM706,806,627 to RM737,853,182 by way of:

- a) issuance of 52,586,618 new ordinary shares of RM0.50 each pursuant to the exercise of employees share options; and
- b) issuance of 9,506,492 new ordinary shares of RM0.50 each pursuant to the exercise of warrants.

Save for the above, there were no issuance and repayment of debt and equity securities, share buybacks, share cancellations, share held as treasury shares and resale of treasury shares during the financial period under review.

**A6 Dividends paid**

On 25 September 2014, the Company paid a first and final single-tier dividend of 8.0 sen per ordinary share of RM0.50 each amounted to RM118,056,509 in respect of the financial year ended 31 December 2013.

**A7 Segment reporting**

Period ended 30 September 2014

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,834,047	182,837	43,888	-	2,060,772
Inter-segment	-	-	175,924	(175,924)	-
<b>Total revenue</b>	<b>1,834,047</b>	<b>182,837</b>	<b>219,812</b>	<b>(175,924)</b>	<b>2,060,772</b>
<b>RESULTS</b>					
Operating profit	323,527	10,630	181,116	(175,745)	339,528
Interest income					4,157
Finance costs					(2,809)
Income tax expense					(86,655)
<b>Profit for the period</b>					<b>254,221</b>
<b>OTHER INFORMATION</b>					
Capital expenditure	2,664	11,515	337	-	14,516
Depreciation and amortisation	3,504	8,989	241	-	12,734
<b>ASSETS AND LIABILITIES</b>					
Segment assets	4,708,234	169,721	189,217		5,067,172
Current and deferred tax assets					70,017
<b>Total assets</b>					<b>5,137,189</b>
Segment liabilities	2,525,071	50,748	307,136		2,882,955
Current and deferred tax liabilities					61,505
<b>Total liabilities</b>					<b>2,944,460</b>

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**A7 Segment reporting (continued)**

Period ended 30 September 2013

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,222,554	178,149	34,686	-	1,435,389
Inter-segment	-	-	162,348	(162,348)	-
Total revenue	<u>1,222,554</u>	<u>178,149</u>	<u>197,034</u>	<u>(162,348)</u>	<u>1,435,389</u>
<b>RESULTS</b>					
Operating profit	260,489	13,125	167,465	(162,432)	278,647
Interest income					3,969
Finance costs					(2,257)
Income tax expense					(70,872)
Profit for the period					<u>209,487</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	11,291	9,390	112	-	20,793
Depreciation and amortisation	3,224	8,775	196	-	12,195
<b>ASSETS AND LIABILITIES</b>					
Segment assets	3,544,586	172,931	410,296		4,127,813
Current and deferred tax assets					73,820
Total assets					<u>4,201,633</u>
Segment liabilities	1,921,626	64,764	299,249		2,285,639
Current and deferred tax liabilities					74,744
Total liabilities					<u>2,360,383</u>

**A8 Material subsequent events**

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 20 November 2014, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

**A9 Related Party Transactions**

Transactions with Directors of the Company and subsidiary companies and companies in which they have interests:

	01/1/2014 to 30/09/2014 RM'000
(i) Rental paid to a Company in which a Director has interest	1,104
(ii) Maintenance services rendered from a Company in which the Directors are family members of a Director of the Company	127
(iii) Professional fees paid to firms in which Directors of subsidiary companies have interest	2,717
(iv) Sales of development properties to a Director of subsidiary companies	649
(v) Sales of building materials to a Company in which a Director has interest	<u>2</u>

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**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 followings:

On 23 January 2014, the Company acquired the entire issued and paid-up share capital of the following companies for cash consideration of RM2.00 each respectively:

- Enchanting View Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.
- Garden Vista Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

**A11 Changes in contingent liabilities or contingent assets**

There were no contingent assets. Contingent liabilities of the Group are as follows:

	30/09/2014	31/12/2013
	RM'000	RM'000
Bank guarantees issued in favour of third parties	26,730	15,602
Corporate guarantee issued in favour of third parties	7,877	8,489
Others	666	700
	<u>35,273</u>	<u>24,791</u>

**A12 Capital Commitments**

	30/09/2014
	RM'000
Contractual commitment in relation to:	
- Proposed acquisition of land	1,209,538
- Development Agreement for proposed development of land in Kota Kinabalu	158,740
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	3,648
Commitment for construction of investment properties	
- Approved and contracted for	20,821
	<u>1,392,747</u>

**As Lessee - for the lease of commercial buildings**

The leaseback for the Corporate Building Block of *Southgate Commercial Centre* and *The Icon*, Jalan Tun Razak had expired in August 2013 and December 2012 respectively. There is no new leaseback of commercial building during the financial period.

The Group had recognised the leaseback rental amounted to RM5.1 million and the rental income from the sub-lease amounted to RM5.1 million in profit or loss in the corresponding period last year.

**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:-

	<u>Lease rentals receivable</u>
	30/09/2014
	RM'000
Less than one year	<u>35</u>

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

---

**B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1 Review of Group performance**

The Group posted revenue of approximately RM2.1 billion and net profit of approximately RM254.7 million for the nine-months ended 30 September 2014. This represents 43.6% improvement in revenue and 21.3% improvement in net profit compared to the corresponding period last year. The current quarter revenue and net profit of approximately RM713.6 million and approximately RM85.9 million represent 33.0% and 21.7% improvement respectively over the same quarter last year.

As at 30 September 2014, the Group had a cash pile of approximately RM656.1 million and net gearing at 0.37 times.

**Property development**

For the nine-months ended 30 September 2014, revenue from property development is approximately RM1.8 billion, marking near to 50.0% improvement as compared to approximately RM1.2 billion achieved in the corresponding period last year. The improved revenue is attributable to the higher work progress from the Group's ongoing development projects. Operating profit also increased 24.2% from approximately RM260.5 million to approximately RM323.5 million. The higher profit for the nine-months ended 30 September 2014 compared to the same period last year was due to higher recognition of profit on **Icon City** in Petaling Jaya and **M Residence @ Rawang**. In the last year corresponding period, profit recognition was mainly from **Garden Residence** in Cyberjaya and **M-Suites** in Jalan Ampang. The Group achieved property sales of approximately RM2.45 billion for the nine-months ended 30 September 2014 due to the focus in mass market properties at the right locations and products that are in line with market demand.

Other projects that contributed to the Group's results in Greater KL and Klang Valley included **M-City** and **M-Suites** in Jalan Ampang, **Icon Residence** in Mont' Kiara, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **Kinrara Residence** in Puchong, **Southville City@KL South**, **M Residence 2@Rawang**, **D'sara Sentral** in Sungai Buloh, **Aman Perdana** in Meru - Shah Alam, **Bayu Sekamat** and **One Legenda** in Cheras and **Perdana Residence 2** in Selayang. Commercial projects included **Star Avenue @ D'sara**, **StarParc Point** in Setapak and industrial project **i-Parc 3** in Bukit Jelutong. Furthermore, projects in Penang Island included **Legenda @ Southbay**, **Southbay City** and **Ferringhi Residence** and projects in Iskandar, Johor Bahru included **Sierra Perdana**, **Mah Sing i-Parc @ Tanjung Pelepas**, **Sri Pulai Perdana 2**, **Austin Perdana** and **The Meridin @ Medini** whilst **Sutera Avenue** in Kota Kinabalu, Sabah also contributed.

Year-to-date, the Group has further grown its landbank by 1,134 acres with 3 proposed acquisition of new lands in Shah Alam, Seremban and Puchong that will potentially add RM19.3 billion GDV to its future pipeline. With this, the Group's total remaining undeveloped landbank is 3,658 acres, and remaining GDV is RM44.8 billion. Combined with unbilled sales of RM5.1 billion, the Group has potential future revenue visibility amounting to RM49.9 billion.

**Plastics**

The plastics segment continued to contribute positively to the revenue and operating profit of the Group. Revenue grew by 2.6% from approximately RM178.1 million to approximately RM182.8 million over the corresponding quarter last year as a result of higher pallet sales.

**Investment holding & Others**

Revenue and profit for the segment comprise mainly interest income from the placement of funds and the trading of building materials.

**B2 Material change in quarterly results compared with the immediate preceding quarter**

There was no major fluctuation in the Group's current quarter profit before tax compared to the immediate preceding quarter.

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**B3 Prospects for the current financial year**

The Group continued to chart strong new sales of RM2.45 billion for the nine-months ended 30 September 2014. The strong performance reflects the Group's keen sense of timing and its ability to identify demand trends ahead of market. The timely shift to mid-range mass market products resulted in very successful launches of key projects such as *Savanna Executive Suites* in *Southville City@KL South*, Bangi (from RM338,000), *Lakeville Residence* in Taman Wahyu, KL (from RM529,800), and *D'sara Sentral* in Sungai Buloh (from RM548,000). The Group's foresight of remaining focused in the Greater KL has ensured continued robust sales momentum. The strength of the market here is expected to be sustainable especially in new growth corridors benefiting from ongoing and proposed infrastructure projects that include various new expressways, MRT 1 and 2, LRT extensions and LRT 3, and potentially the KL-Singapore High Speed Rail. The Greater KL market has also benefited from higher concentration of young workforce and relatively lower home ownership levels.

The Group has locked in unbilled sales amounting to RM5.1 billion that shall ensure continued revenue and earnings visibility for the immediate term. With track record of 25% compounded annual growth rate in revenue and net profit the last five years, and 15% average ROE, the Group remains committed to delivering sustainable and steady growth going forward.

**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	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	23,075	32,609	79,659	74,919
Foreign tax	(302)	(175)	57	325
	<u>22,773</u>	<u>32,434</u>	<u>79,716</u>	<u>75,244</u>
(Over)/Under provision of Malaysian income tax in prior year	<u>(2,250)</u>	<u>3,244</u>	<u>(2,250)</u>	<u>3,244</u>
	<u>20,523</u>	<u>35,678</u>	<u>77,466</u>	<u>78,488</u>
Deferred taxation:				
Malaysian deferred tax	9,653	(13,644)	9,189	(7,616)
	<u>30,176</u>	<u>22,034</u>	<u>86,655</u>	<u>70,872</u>

The Group's effective tax rate for the current quarter and current financial period were slightly higher than the statutory tax rate of 25% mainly due to the non deductibility of certain expenses.

**B6 Status of corporate proposals**

The following corporate proposals as announced by the Company have not been completed as at 20 November 2014 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

- 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.

The JVA is pending fulfilment by Medan Damai of certain obligations pertaining to the development components.

- On 26 March 2012, the 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 ("KK Land") in Kota Kinabalu, Negeri Sabah. Under the terms of the JDA, Paduan Hebat agreed with Capitol Avenue to jointly develop the KK Land for an entitlement of RM39 million. RM25 million of the entitlement for the KK 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 KK 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.

On 4 December 2012, all Paduan Hebat's obligations have been fully performed pursuant to the JDA. The development of KK Land has commenced in December 2013.

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**B6 Status of corporate proposals (continued)**

- 3) On 29 May 2013, the Company's subsidiary, Convention City Development Sdn Bhd ("**Convention City**") entered into a development agreement ("**DA**") with Yayasan Sabah ("**Yayasan Sabah**" or "**Landowner**") for the proposed development of a parcel of prime land measuring approximately 8.33 acres ("**Parcel A**") forming part of all that piece of master land held under title no. 016290976 in the locality of Tanjung Lipat, District of Kota Kinabalu, Negeri Sabah. Under the terms of the DA, Yayasan Sabah agrees to grant an exclusive right to Convention City to develop Parcel A for a cash consideration of RM163 million. Convention City has also been granted an exclusive option to develop 2 parcels of adjacent land with a total land area measuring approximately 5.95 acres ("**Option Land**") at an entitlement price of RM117 million. The option is exercisable by Convention City within 2 years from the date the Landowner procures the separate issue document of title to the Option Land.

On 27 May 2014, Convention City and Yayasan Sabah had mutually agreed to extend the performance period to 29 November 2014 for Yayasan Sabah to perform the Landowner's obligations.

- 4) On 12 March 2014, the Company's wholly-owned subsidiary, Enchanting View Development Sdn Bhd entered into a sale and purchase agreement ("**SPA**") with Great Doctrine (M) Sdn Bhd for the proposed acquisition of a portion of prime land measuring approximately 85.43 acres forming part of all that piece of leasehold land measuring approximately 77.02 hectares held under master title known as PN 11895, Lot 741 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Negeri Selangor for a cash consideration of RM327,477,110.40.

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

- 5) On 11 August 2014, the Company's wholly-owned subsidiary, Grand Prestige Development Sdn Bhd entered into a sale and purchase agreement with the respective vendors for the proposed acquisition of a piece of prime freehold land in Mukim Rantau, Daerah Seremban, Negeri Sembilan for a total cash consideration of RM359,557,153.36.

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

- 6) On 28 August 2014, the Company's wholly-owned subsidiary, Mah Sing Group Ventures Sdn Bhd (formerly known as Grand Pavilion Development Sdn Bhd) ("**Mah Sing Ventures**") entered into a sale and purchase agreement with Huges Development Sdn Bhd ("**Huges Development**") for the proposed acquisition of a piece of prime leasehold land in Puchong, Selangor measuring approximately 88.7 acres for a total cash consideration of RM656,896,779.

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

On the same date, in consideration for RM1.00 paid by Mah Sing Ventures to Huges Development, Huges Development and Mah Sing Ventures have entered into a memorandum of understanding effective from the date of the memorandum for a period of 4 years. During the duration of the memorandum of understanding, Huges Development shall negotiate first with Mah Sing Ventures to enter into a sale and purchase, joint venture or such other arrangement in respect of a piece of prime land measuring approximately 170 acres ("**Subject Land**") upon terms and conditions to be mutually agreed upon by Huges Development and Mah Sing Ventures. Failing which, Mah Sing Ventures shall have the first right of refusal for any arrangement in respect of the Subject Land.

- 7) Through an announcement made on 20 November 2014, the Company proposes to undertake the following:
- i) A proposed renounceable rights issue of new ordinary shares of RM0.50 each in the Company ("**Mah Sing Shares**") together with free detachable warrants to raise proceeds of up to RM630.00 million ("**Proposed Rights Issue with Warrants**");
  - ii) A proposed bonus issue of new Mah Sing Shares ("**Bonus Shares**") to be credited as fully paid-up on the basis of one (1) Bonus Share for every four (4) Mah Sing Shares held after the Proposed Rights Issue with Warrants; and
  - iii) The proposed increase in the authorised share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 Mah Sing Shares to RM2,500,000,000 comprising 5,000,000,000 Mah Sing Shares ("**Proposed Increase In The Authorised Share Capital**") and the corresponding proposed amendment to the Company's Memorandum and Articles of Association as a consequence of the Proposed Increase In The Authorised Share Capital.

Barring any unforeseen circumstances, the applications to the relevant authorities are expected to be made within one (1) month from the date of the announcement.



**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**B7 Group borrowings**

Total group borrowings as at 30 September 2014 were as follows:

<i>(Denominated in)</i>	Secured RM'000 (RM)	Secured RM'000 (Indonesian Rupiah)	Secured RM'000 (USD)	Total RM'000
Redeemable convertible bonds				
- after 12 months	292,663	-	-	292,663
Term loans payable				
- within 12 months	58,850	3,451	-	62,301
- after 12 months	1,099,665	3,731	-	1,103,396
	1,158,515	7,182	-	1,165,697
Short term borrowings	1,260	269	2,577	4,106
Bank overdrafts	-	143	-	143
Finance lease and hire purchase				
- within 12 months	1,666	751	-	2,417
- after 12 months	3,127	2,712	-	5,839
	4,793	3,463	-	8,256
<b>Total</b>	<b>1,457,231</b>	<b>11,057</b>	<b>2,577</b>	<b>1,470,865</b>

**B8 Material litigation**

The Group is not engaged in any material litigation as at 20 November 2014, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

**B9 Derivatives Financial Instrument**

The Group's outstanding derivatives financial instrument as at 30 September 2014 were analysed as follows:

	Notional Value RM'000	Fair Value Asset RM'000
<b>Foreign currency forward contracts</b>		
- Less than one year	1,670	172

Foreign currency forward contracts were entered into by a subsidiary company within the Plastics Division of the Group to manage its exposure against adverse fluctuations in foreign currency risks as a result of transactions denominated in currency other than the functional currency of the subsidiary company.

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 profit or loss.

**B10 Realised and unrealised earnings or losses disclosure**

The retained earnings as at 30 September 2014 and 31 December 2013 were analysed as follows:

	30/09/2014 RM'000	31/12/2013 RM'000
Total retained earnings of the Group		
- Realised	936,510	744,271
- Unrealised	57,225	73,025
	993,735	817,296
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	993,662	817,223
Consolidation adjustments	(7,893)	16,803
<b>Total group retained earnings as per consolidated accounts</b>	<b>985,769</b>	<b>834,026</b>

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**B11 Additional disclosures pursuant to para 16, Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements**

	<b>3 months ended</b>	<b>Period ended</b>
	<b>30/09/2014</b>	<b>30/09/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Allowance for doubtful debts - trade and other receivables	-	(3)
Depreciation and amortisation	(3,657)	(12,734)
Impairment of intangible assets	(1,363)	(3,623)
Loss on redemption of investments in short term funds	(1,002)	(835)
Net foreign exchange (loss)/gain	(305)	517
Net gain on foreign exchange forward contracts	26	495
(Provision for)/Reversal of allowance for slow-moving inventories	<u>(219)</u>	<u>584</u>

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 30 September 2014.

**B12 Dividend proposed**

No dividend has been proposed for the nine-months ended 30 September 2014.

**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.

	<b>3 months ended</b>		<b>Period ended</b>	
	<b>30/09/2014</b>	<b>30/09/2013</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Net profit for the period (RM'000)	<u>85,939</u>	<u>70,618</u>	<u>254,701</u>	<u>209,918</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,466,522</u>	1,367,032	<u>1,436,388</u>	1,275,661
Basic EPS (sen)	<u>5.86</u>	5.17	<u>17.73</u>	16.46

**(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, conversion of bonds and warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	<b>3 months ended</b>		<b>Period ended</b>	
	<b>30/09/2014</b>	<b>30/09/2013</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
Net profit for the period (RM'000)	<u>85,939</u>	<u>70,618</u>	<u>254,701</u>	<u>209,918</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,466,522</u>	1,367,032	<u>1,436,388</u>	1,275,661
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
ESOS	-	43,279	-	24,036
Bonds conversion	63,413	68,160	63,413	61,840
Warrants	18,145	35,743	18,325	23,758
Adjusted weighted average number of ordinary shares ('000)	<u>1,548,080</u>	<u>1,514,214</u>	<u>1,518,126</u>	<u>1,385,295</u>
Diluted EPS (sen)	<u>5.55</u>	4.66	<u>16.78</u>	15.15

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

---

**B14 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

**B15 Comparative figures**

Comparative figures, where applicable, have been modified to conform to the current year presentation.

BY ORDER OF THE BOARD

YANG BAO LING  
KUAN HUI FANG

Kuala Lumpur  
20 November 2014

DIRECTORS' REPORT



**Mah Sing Group Berhad**

(230149 P)

**Corporate Head Office**

Wisma Mah Sing, Penthouse Suite 1,  
No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur, Malaysia.  
Tel: 603-9221 8888 Fax: 603-9222 3988  
Website: www.mahsing.com.my

DIRECTORS' REPORT

**Registered Office:**

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

Date: 16 JAN 2015

To: **The Entitled Shareholders of Mah Sing Group Berhad**

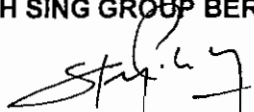
Dear Sir/Madam,

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 period between 31 December 2013 (being the date to which the latest audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) and the date of this letter (being a date not earlier than fourteen (14) days before the issuance of this Abridged Prospectus):

- (a) the business of our Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) there have not been, in the opinion of the Board, 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, 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 our 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

A PREMIER LIFESTYLE DEVELOPER



**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) 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 207,006,369 new Mah Sing Shares at a conversion price of RM1.57, subject to adjustments in accordance to the Trust Deed.
  - (c) The holders of the 137,043,266 Warrant B 2013/2018 constituted by the Warrant B 2013/2018 Deed Poll. The number of the Warrant B 2013/2018 and the exercise price of the Warrant B 2013/2018 of RM1.98, may be subject to adjustments in accordance with the Warrant B 2013/2018 Deed Poll.

**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, except 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 Principal Adviser, Joint Managing Underwriters, Joint Underwriters, Principal Bankers, Share Registrar, Solicitors for the Rights Issue with Warrants and Khong & Jaafar, being the valuer for the Puchong Land, 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, 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 2013 and report relating to our audited consolidated financial statements for the FYE 31 December 2013 respectively, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance L.P. 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 7 February 2013, the Company had entered into an underwriting agreement with CIMB Investment Bank Berhad, Hong Leong Investment Bank Berhad and Affin Investment Bank Berhad for the underwriting of 140,049,903 Mah Sing Shares pursuant to the renounceable rights issue exercise of up to 280,099,803 new Mah Sing Shares together with up to 168,059,881 free detachable warrants undertaken in 2013 at a managing underwriting and underwriting commission of 0.5% and 1.0% respectively based on the value of the underwritten shares.
- (ii) On 28 May 2013, Mah Sing Development Sdn Bhd (a subsidiary of Mah Sing), had entered into a sale and purchase agreement with Kim San Investments Sdn Bhd to acquire a piece of freehold land measuring approximately 35.26 acres held under GRN 100264 Lot 2020, Mukim Plentong, Daerah Johor Bahru, Johor for a total cash consideration of RM365,550,150. The sale and purchase agreement has been terminated on 30 September 2013.
- (iii) On 29 May 2013, Convention City Development Sdn Bhd ("**Convention City**") (a subsidiary of Mah Sing) had entered into a Development Agreement ("**DA**") with Yayasan Sabah for the proposed development of a parcel of prime land measuring approximately 8.33 acres forming part of all that piece of master land held under title no. 016290976 in the locality of Tanjung Lipat, District of Kota Kinabalu, Negeri Sabah ("**Parcel A**"). Under the terms of the DA, Yayasan Sabah agrees to grant an exclusive right to Convention City to develop Parcel A for a cash consideration of RM163 million.

Convention City has also been granted an exclusive option to develop 2 parcels of adjacent land with a total land area measuring approximately 5.95 acres ("**Option Land**") at an entitlement price of RM117 million. The option is exercisable by Convention City within 2 years from the date the owner of the Option Land procures the separate issue document of title to the Option Land.

The parties are currently in discussions on an extension of time to enable Yayasan Sabah to perform its obligations under the DA. Once finalised, the Company will make the necessary announcement.

- (iv) On 1 October 2013, Sanjung Tropika Development Sdn Bhd (a subsidiary of Mah Sing), had entered into a sale and purchase agreement with Bistari Land Sdn Bhd ("**Bistari**") ("**SPA**") to acquire 31 pieces of adjoining freehold lands measuring approximately 1,351.84 acres in Tempat LKTP Cahaya Baru, Mukim of Plentong, District of Johor Bahru, Johor for a total cash consideration of RM429,868,897.92. The sale and purchase agreement was completed on 18 July 2014.

- (v) On 12 March 2014, Enchanting View Development Sdn Bhd (a subsidiary of Mah Sing), had entered into a sale and purchase agreement with Great Doctrine (M) Sdn Bhd for the proposed acquisition of a portion of prime land in Sultan Salahuddin Abdul Aziz Shah Golf Course, Section 13, Shah Alam measuring approximately 85.43 acres forming part of all that piece of leasehold land measuring approximately 77.02 hectares held under master title known as PN 11895, Lot 741 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Negeri Selangor for a cash consideration of RM327,477,110.40. The acquisition is currently pending fulfillment of the conditions precedent of the sale and purchase agreement.
- (vi) On 11 August 2014, Grand Prestige had entered into a sale and purchase agreement with the respective vendors for the proposed acquisition of the Seremban Land for a total cash consideration of RM359,557,153.36.

On 26 August 2014, the Company announced that Grand Prestige's solicitors conducted a land search on the Seremban Land on 15 August 2014 and discovered that there was a caveat lodged on 8 August 2014 and Grand Prestige is currently seeking clarifications from the vendors and concurrently evaluating its options. The proposed acquisition is pending fulfillment of the conditions precedent of the sale and purchase agreement.

- (vii) On 28 August 2014, our MS Lakecity entered into a sale and purchase agreement with Huges Development Sdn Bhd for the proposed acquisition of the Puchong Land for a total cash consideration of RM656,896,779. The proposed acquisition is pending fulfillment of the conditions precedent of the sale and purchase agreement.

## 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 5 July 2010, 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.

The JVA is pending fulfillment by Medan Damai of certain obligations pertaining to the development components.

- (ii) On 26 March 2012, the 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 ("**KK Land**") in Kota Kinabalu, Negeri Sabah. Under the terms of the JDA, Paduan Hebat agreed with Capitol Avenue to jointly develop the KK Land for an entitlement of RM39 million. RM25 million of the entitlement for the KK 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 KK 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.

On 4 December 2012, all Paduan Hebat's obligations have been fully performed pursuant to the JDA. The development of KK Land has commenced in December 2013.

- (iii) On 29 May 2013, our Company's subsidiary, Convention City entered into a DA with Yayasan Sabah for the proposed development of Parcel A. Under the terms of the DA, Yayasan Sabah agrees to grant an exclusive right to Convention City to develop Parcel A for a cash consideration of RM163.0 million.

Convention City has also been granted an exclusive option to develop 2 parcels of adjacent land with a total land area measuring approximately 5.95 acres at an entitlement price of RM117.0 million. The option is exercisable by Convention City within 2 years from the date the Landowner procures the separate issue documents of title to the adjacent land.

The parties are currently in discussions on an extension of time to enable Yayasan Sabah to perform its obligations under the DA. Once finalised, the Company will make the necessary announcement.

- (iv) On 12 March 2014, our Company's wholly-owned subsidiary, Enchanting View Development Sdn Bhd entered into a sale and purchase agreement with Great Doctrine (M) Sdn Bhd for the proposed acquisition of a portion of prime land in the Sultan Salahuddin Abdul Aziz Shah Golf Course, Section 13, Shah Alam measuring approximately 85.43 acres (approximately 3,721,330.8 square feet) forming part of all that piece of leasehold land measuring approximately 77.02 hectares held under master title known as PN 11895, Lot 741 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Negeri Selangor for a cash consideration of RM327,477,110.40 (approximately RM88 per square foot). The acquisition is currently pending fulfillment of the conditions precedent of the sale and purchase agreement.

- (v) On 11 August 2014, Grand Prestige entered into a sale and purchase agreement with the respective vendors for the proposed acquisition of the Seremban Land for a total cash consideration of RM359,557,153.36.

On 26 August, the Company announced that Grand Prestige's solicitors conducted a land search on the Seremban Land on 15 August 2014 and discovered that there was a caveat lodged on 8 August 2014 and Grand Prestige is currently seeking clarifications from the vendors and concurrently evaluating its options. The proposed acquisition is pending fulfillment of the conditions precedent of the sale and purchase agreement.

- (vi) On 28 August 2014, MS Lakecity entered into a sale and purchase agreement with Huges Development Sdn Bhd for the proposed acquisition of the Puchong Land for a total cash consideration of RM656,896,779.00. The proposed acquisition is pending fulfillment of the conditions precedent of the sale and purchase agreement.
- (vii) On 20 November 2014, CIMB announced on behalf of our Board that we proposed to undertake the Corporate Exercise.

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 7 January 2015. The Amendment and the Increase in the Authorised Share Capital were completed on 7 January 2015.

As announced by CIMB on 9 January 2015, the Issue Price, entitlement basis and Exercise Price for the Rights Issue with Warrants had been fixed. Further, as announced by CIMB on 12 January 2015, our Company had entered into the Underwriting Agreement and the Entitlement Date for the Rights Issue with Warrants had been fixed.

(The rest of this page has been intentionally left blank)

## 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 15 January 2015;
- (iii) Our audited consolidated financial statements for the past 2 FYE 31 December 2012 and 31 December 2013;
- (iv) Our unaudited consolidated interim financial statements for the 9-month FPE 30 September 2014;
- (v) The proforma consolidated statement of financial position of our Group as at 31 December 2013 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 from Mayang Teratai as referred to in Section 3 of this Abridged Prospectus;
- (x) The Underwriting Agreement dated 12 January 2015;
- (xi) The opinion letter by Khong & Jaafar dated 11 November 2014 as set out in Appendix IX to this Abridged Prospectus; and
- (xii) The valuation certificate by Khong & Jaafar dated 3 December 2014 as set out in Appendix VII to this Abridged Prospectus.

## 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, being the Principal Adviser, Joint Managing Underwriter and Joint Underwriter 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.

## VALUATION CERTIFICATE BY KHONG &amp; JAAFAR DATED 3 DECEMBER 2014



# KHONG & JAAFAR SDN BHD (31218-T)

VALUERS (REAL ESTATE, BUSINESSES, INTANGIBLES & PLANT & MACHINERY), ESTATE AGENTS, PROPERTY CONSULTANTS, PROPERTY MANAGERS, PROPERTY INVESTMENT ADVISORS, MARKET & FEASIBILITY RESEARCHERS, LITIGATION SUPPORT, TENANT REPRESENTATION, DISPUTE RESOLUTION (EXPERT DETERMINATION) V(1)0005



benchmark  
IN QUALITY  
ISO 9001:2000



RICS

PENILAI (HARTA TANAH, PERNIAGAAN, HARTA TANAH TAK KETARA & LOJI), EJEN HARTA TANAH, PERUNDING HARTA TANAH, PENASIHAT PELABURAN HARTA TANAH, PENYELIDIK PASARAN DAN KEMUNGKINAN, SOKONGAN TINDAKAN UNDANG-UNDANG, PERWAKILAN PENYEWA, PENGURAIAN PEMBANTAHAN (PENENTUAN PAKAR) V(1)0005

57-1 Jalan Telawi Tiga, Bangsar Baru, 59100 Kuala Lumpur, Malaysia Tel : +6 03 2282 9699 Fax : +6 03 2282 9799

Email : khongja@po.jaring.my Website : www.khongjaafar.com.my

Twitter : twitter.com/Khongjaafar Facebook : www.facebook.com/KhongJaafarSdnBhd

Our Ref: MV(S) 606/2014 (A)

3 December 2014

The Directors  
Mah Sing Group Berhad  
Wisma Mah Sing, Penthouse Suite 2  
No. 163, Jalan Sungai Besi  
57100 Kuala Lumpur

Dear Sirs

**VALUATION CERTIFICATE OF LOT 827, PEKAN DESA PUCHONG, DISTRICT OF PETALING, SELANGOR DARUL EHSAN (A 88.708-ACRE PARCEL OF DEVELOPMENT LAND WITH COMMERCIAL CUM RESIDENTIAL DEVELOPMENT POTENTIAL LOCATED ALONG JALAN PERINDUSTRIAN PUCHONG OFF THE LEBUHRAYA DAMANSARA-PUCHONG (LDP) AND ADJACENT TO THE NORTH OF THE LAKE EDGE PUCHONG PROJECT)  
(HEREINAFTER REFERRED TO AS THE "PROPERTY")**

This Valuation Certificate has been prepared for inclusion in the Abridged Prospectus to the shareholders of Mah Sing Group Berhad to be dated ~~26 January 2015~~ in relation with the acquisition of the Property by MS Lakecity Sdn Bhd (formerly known as Mah Sing Group Ventures Sdn Bhd and prior to that, Grand Pavilion Development Sdn Bhd) ("MS Lakecity"), a wholly-owned subsidiary of Mah Sing Group Berhad.

In accordance with your instructions to value the Property, we have inspected the Property on 3 October 2014, extracted particulars of the title from the Document of Title at the Selangor Registry of Land Titles, Shah Alam on 10 October 2014 and completed our investigations, searches and calculations to arrive at our opinion of value.

The basis of valuation is the Market Value of the Property. "Market Value" is defined as "the estimated amount for which the Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

This valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

Disclosures as required under Chapter 6 of the Asset Valuation Guidelines are as follows:-

Page 1 of 11

**1. Date of Valuation:**

3 October 2014

**2. Identification of Property:**

The Property is a 88.708-acre (i.e. approximately 35.899-hectare) parcel of development land with commercial cum residential development potential that fronts onto Jalan Perindustrian Puchong, off Lebuhraya Damansara-Puchong and adjacent to the north of the Lake Edge Puchong project, and identified as Lot 827, Pekan Desa Puchong, District of Petaling, Selangor Darul Ehsan.

**2.2 Category of Land Use:**  
"Perusahaan"**2.3 Tenure:**  
**Leasehold for a term of 99 years expiring on 10 August 2093 (the unexpired term is about 78.85 years)****2.4 Title Land Area:**  
358,987 square metres (i.e. 88.708 acres or 35.899 hectares)**2.5 Registered Proprietor:**  
HUGES DEVELOPMENT SDN BHD  
(Note: According to a Sale and Purchase Agreement dated 28 August 2014, the Property has been sold by Huges Development Sdn Bhd to MS Lakecity)**3. General Description:**

3.1 The Property is located along Jalan Perindustrian Puchong, Bandar Metro Puchong, in Pekan Desa Puchong, District of Petaling, Selangor Darul Ehsan. It lies off the west side of the Lebuhraya Damansara-Puchong (LDP) at about 20 kilometres south-west of the City Centre of Kuala Lumpur and about 14 kilometres south of the City Centre of Petaling Jaya.

3.2 This area is very well connected via a number of highways and expressways which include the Lebuhraya Damansara-Puchong (LDP), the Shah Alam Expressway (KESAS), the New Pantai Expressway (NPE), the North-South Expressway Central Link (ELITE Expressway), the South Klang Valley Expressway (SKVE), the Maju Expressway (MEX Highway) and in future the newly proposed Kinrara-Damansara Expressway (KIDEX) and the Serdang-Kinrara-Putrajaya Expressway (SKIP).

3.3 Our investigations reveal that the Majlis Perbandaran Subang Jaya (MPSJ) has conducted a traffic and transport study to identify key projects in order to alleviate traffic congestion in the municipality. Based on the study, MPSJ has proposed several road enhancement projects under the Draf Laporan Rancangan Tempatan Majlis Perbandaran Subang Jaya (Draft Local Plan).

**4. Site Description**

4.1 The Property is a near trapezoidal shaped parcel of development land with a broad frontage of about 808.99 metres (2,654 feet) onto Jalan Perindustrian Puchong and an average depth of about 680.61 metres (2,233 feet). Broadly, the Property is bounded by a lake on its northern and eastern boundaries, the Sungai Klang almost along its western boundary, Jalan Perindustrian Puchong on its south-eastern boundary and a parcel of vacant land on the south-western boundary.

4.2 Generally, the terrain of the Property varies from flat to undulating. The frontage road, Jalan Perindustrian Puchong lies about 13.45 metres (44 feet) above the mean sea level. From the frontage road, the site descends by about 3 metres (10 feet) and thereafter rises gently by about 3 metres (10 feet) towards its north-western boundary and 6.5 metres (21 feet) towards its north-eastern boundary, respectively. The highest level of the Property are

two small hillocks located near the central and western section of the Property, both of which lie about 7.25 metres (24 feet) above the level of the frontage road. There are two small ponds located close to the central section of the Property and each have shallow depths of about 1.18 metres (3.87 feet) and 1.36 metres (4.46 feet) respectively.

- 4.3 During the course of inspection, we noted that there is a former mining pond, which is now a lake located along and outside the north and eastern boundary of the Property. This lake is situated along the northern and eastern section of the Property and forms part of a bigger lake located on the adjacent lot, identified as Lot 825. The part of the lake which on the north-eastern part of the Property has a depth ranging from 9.79 metres (32 feet) to 53.65 metres (176 feet), whilst the part of the lake on the eastern boundary of the Property has a depth ranging from 17.89 metres (59 feet) to 50.11 metres (164 feet). The estimated surface area of the Property affected by the lake, as tabulated by the land surveyors, Messrs JRS Resources Sdn Bhd, is about 10.4 acres or about 11.7% of the land area of the Property. We have been further informed by Mah Sing Group Berhad, that the development planning is still in its preliminary stages and they are presently exploring the design option with the planners. Presently, they have no intentions to reclaim / fill the parts of the land which is underwater and will design the master plan around it to maximize the benefits that can flow from it.
- 4.4 At present, some parts of the site have been cleared whilst the remaining parts are overgrown with shrubs, bushes and thick undergrowth.
- 4.5 Although the Property is located alongside the Sungai Klang, our enquiries with the Jabatan Pengaliran dan Saliran, Selangor, reveal that this area within which the Property is located is not flood prone. This part of the Sungai Klang also lies very much downstream from the River of Life project, but may benefit from it.
- 4.6 During the course of our inspection, we also observed that there is an open sided workshop and some temporary structures located along the southern and eastern boundary of the Property. In accordance with the Sale and Purchase Agreement, the Vendor is responsible to deliver vacant possession and remove all the structures located on the Property.
- 4.7 Attention is drawn to the fact that the structures on the Property are not taken into consideration in our valuation of the Property as the value of the Property is derived from its development potential.
- 4.8 The perimeter of the Property is demarcated with corrugated metal hoarding sheets at its south-eastern boundary whilst the other boundaries are not demarcated with any form of fencing.

## **5. The Previously Approved Development:**

- 5.1 The Property (previously identified as Lot PT 25067) together with another parcel of land known as Lot 826 (previously Lot PT 25068), Mukim and District of Petaling, Selangor Darul Ehsan was previously approved by the Majlis Perbandaran Subang Jaya for a mixed development with low cost flats, terraced houses, shop/offices, petrol station, stalls, industrial lots, low-cost terraced factories and terraced factories, to be known as "Bandar Metro Puchong" (the Scheme) on 21 April 2003. This approval was in line with an Approved Site Layout Plan, also dated 21 April 2003.
- 5.2 No development works commenced on this approval and to-date, the planning approval has lapsed and there has been no application to the Local Authority for a renewal or amendment of that approval. Therefore, effectively the Property under consideration is without the benefit of any planning permission and in its existing condition it is a parcel of development land with commercial cum residential development potential.

## 6. The Proposed Development:

- 6.1 The development is still in the planning and preliminary stage and no building plans have been drawn up as yet. We have been informed by the Client that the proposed development content will consist of a commercial cum residential development comprising serviced apartments, Small Office Virtual Office (SoVo), retail lots, office towers, a 4-star hotel and a shopping mall. This proposed development is in line with the proposed zoning for commercial use at a permissible plot ratio of 1:4.
- 6.2 Briefly, the proposed development content, which will be developed over 4 phases are as follows:-

Description	Total Units	Built up Area (in square feet)
Serviced Apartments	4,782	900 to 1,200
Retail Lots	448	2,500
Hotel	1	150,000
Small Office Virtual Office (SoVo)	2,644	500 to 800
Office Tower	4	100,000 to 267,179
Shopping Mall	1	1,000,000
Car parking bays	22,877	-
<b>Total</b>	<b>30,757</b>	

## 7. Town Planning:

- 7.1 The Property is presently held under the category of land use "Industry". However, enquiries made at the Jabatan Perancang, Majlis Perbandaran Subang Jaya revealed that in accordance with the Draft Laporan Rancangan Tempatan Majlis Perbandaran Subang Jaya (Draft Local Plan MPSJ), the municipal council has proposed to change the land use zoning for the Property to commercial at a permissible plot ratio of 1:4. The Draft Local Plan has been released to the public for feedback and has not been gazetted as yet.
- 7.2 We were also informed by the Jabatan Perancang of the Majlis Perbandaran Subang Jaya that an application has been made by Deso Konsultant Sdn Bhd on behalf of the owner of the Property vide its letter bearing reference DK1340/PRG MPSJ/01296/14/CHH/NNS dated 27 May 2014 for change in land use zoning from industrial use to commercial and services use. As at the date of valuation, this application is pending approval.
- 7.3 Although the Property is proposed to be zoned for commercial use at a permissible plot ratio of 1:4, in accordance with the proposed development content and the general market in the neighbourhood, the vast majority of the development content will consist of serviced apartments. Therefore, the Property although is intended to be converted to commercial use, the 43% of the floor area we note is slated for serviced apartments and thus it is also residential insofar as the development content is concerned.

## 8. The Sale Of The Property:

- 8.1 The Property itself was purchased by MS Lakecity for a consideration of RM656,896,779 (or RM170 per square foot) vide a Sale and Purchase Agreement dated 28 August 2014. As further stipulated in the Sale and Purchase Agreement, MS Lakecity is also obliged to pay an interest sum amounting to RM31,531,045. This would mean that the total purchase consideration Mah Sing is paying for the Property is RM688,427,824. The total purchase price will be paid in stages over a period of 4 years. If we are to establish the present value consideration of the purchase price (RM688,427,824), we would consider the effective price to be RM152.91 per square foot.
- 8.2 MS Lakecity also entered into a Memorandum of Understanding (MOU) with Huges Development Sdn Bhd (HDSB) on 28 August 2014. In accordance to the said MOU, part of the purchase price of the Property shall be utilised by HDSB towards the re-planning of Lot 826. Both parties agreed that during the duration of the MOU (a period of 4 years), with regards to the neighbouring Lot 826, HDSB shall negotiate

first with MS Lakecity regarding any sale and purchase or joint-venture or by way of such other arrangement.

**9. Market Value:**

The **Market Value of the leasehold Property having an unexpired term of about 78.85 years, in its existing condition (physical, legal, economic),** with vacant possession and subject to its Title being free from encumbrances good marketable and registrable is **RM618,000,000** (Malaysian Ringgit Six Hundred And Eighteen Million Only) i.e. equivalent to about **RM160 per square foot** based on the title land area of the Property of about 88.708 acres. This area is the gross area and we consider this area as appropriate rather than the title land area less the parts under water (10.4 acres), because the development content of the Property by the application of the plot ratio will be by the title land area which is 88.708 acres. In other words, the area under water cannot be treated as "wasted land".

- 9.1 The above estimate of value is arrived at principally by the Comparison Approach to Value where reference is made to market sale transactions as well as asking prices of similar properties in the neighbourhood. The Comparison Approach to Value generally estimates the value of the Property by analysing sales of similar properties and making adjustments to those sales for dissimilarities (physical, legal and economic) between each of the selected comparables and the property under consideration. The next step is a reconciliation of adjusted values and the selection of a suitable comparable and the value made judgementally and based on professional experience.



The following adjustments were made to the following comparables to arrive at an indicative value for the Property under consideration:-			
	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lot PT16731, Mukim and District of Petaling, Selangor Darul Ehsan	PT 12, Bandar Shah Alam, District of Petaling, Selangor Darul Ehsan	Lots 38302, 10024 and 100023 (Lot 2778) and Lot 2838, Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Source	Sales Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia	Bursa Malaysia's General Announcement dated 5 June 2012 and Sales Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia	Bursa Malaysia's General Announcement dated 5 June 2012 and Sales Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia
Type	A parcel of commercial land	A parcel of commercial land	A parcel of development land
Location	Located along Jalan Orkid, Taman Sungai Besi Indah	Located along Persiaran Selangor, within Section 15, Shah Alam	Located along Jalan Awan Cina, Taman Yari
Date of Transaction	5 August 2013	5 June 2012	8 June 2011
Tenure	Leasehold (unexpired term of about 77.63 years)	Leasehold (unexpired term of about 71.31 years)	Freehold
Planning Aspect	Zoned for commercial use at a permissible plot ratio of 4.	Zoned for commercial use at a permissible plot ratio of 4.	Zoned for mixed development with residential use at a permissible density of 160 persons per acre and commercial use at a permissible plot ratio of 1.
Land Area	19,746 acres (860,136 square feet)	20 acres (871,200 square feet)	88,490 acres (3,854,624 square feet)
Consideration	RM136,778,400	RM100,000,000	RM385,460,600
Analysis of the consideration	RM159 per square foot	RM115 per square foot	RM100 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are location and accessibility, size, physical attributes, category of land use, planning and zoning, tenure and lakeside and river proximity.		
Adjusted value (RM per sq ft)	<b>RM166.15</b>	<b>RM157.83</b>	<b>RM168.64</b>
			<b>RM162.00</b>

- 9.2 Based on the 4 comparables above, we find that after adjustments for dissimilarities, Comparable 1 is the most suitable because it is similar in terms of location, is situated beside a lake and was recently transacted. Other comparables that are also good are Comparables 3 and 4, both of which are similar in terms of size and location but are older transactions.
- 9.3 We have also carried out a check valuation using the Income Approach to Value (Discounted Cash Flow Methodology), because, this approach may reflect inherently the potential of the Property for a commercial cum residential development, in line with the current zoning and planning provisions. In carrying out our valuation using this approach, we note and have considered the fact that there are no approvals as yet. Our clients have also carried out their own internal feasibility studies based on development content they are of the opinion is most suitable for the Property under consideration and the locality and we have been informed of their intentions. We have adopted the proposed development content as it is in line with the proposed commercial zoning and the general market trends in the neighbourhood.
- 9.4 A summary of the parameters adopted in our Discounted Cash Flow methodology is shown below:-

Development Phase	Component	No. of Units	Gross Development Value	Building Cost	Development Period
1	a) Serviced Apartments – 900sf	2,183	RM1,277,055,000	RM432,234,000	5 years
	b) Serviced Apartments – 1,050 sf	1,310	RM894,075,000	RM302,610,000	
	c) Retail Lots	197	RM591,000,000	RM73,875,000	
	d) Car Parking bays	1,263	RM44,205,000	RM223,675,000	
2	a) Serviced Apartments - 950 sf	328	RM202,540,000	RM68,552,000	3 years
	b) Serviced Apartments - 1,200 sf	130	RM101,400,000	RM34,320,000	
	c) Hotel (4-star with an estimated 428 rooms)	1	RM150,000,000	RM80,000,000	
	d) Retail Lots	65	RM195,000,000	RM24,375,000	
	e) Car Parking bays	324	RM11,340,000	RM75,480,000	
3	a) Serviced Apartments - 900 sf	529	RM309,465,000	RM104,742,000	6 years
	b) Serviced Apartments - 1,050 sf	302	RM206,115,000	RM69,762,000	
	c) SoVo - 500 sf	634	RM221,900,000	RM63,400,000	
	d) SoVo - 700 sf	453	RM221,970,000	RM63,420,000	
	e) Retail Lots	63	RM189,000,000	RM23,625,000	
	f) Car Parking bays	1,899	RM66,465,000	RM98,600,000	
4	a) SoVo - 500 sf	1,014	RM354,900,000	RM101,400,000	5 years
	b) SoVo - 800 sf	543	RM304,080,000	RM86,880,000	
	c) Office Tower	2	RM136,000,000	RM46,153,800	
	d) Retail Lots	123	RM369,000,000	RM46,125,000	
	e) Car Parking bays	2,049	RM71,715,000	RM92,875,000	
	f) Shopping Mall	1	RM900,000,000	RM428,571,300	4 years
	g) Office Tower	2	RM363,363,440	RM137,406,240	
	h) Car Parking bays	4,384	RM153,440,000	RM109,600,000	
	i) Basement Car parks		-	RM54,800,000	
	j) Podium Car parks		-	RM80,000,000	
	Sub-Total		RM7,334,028,440	RM2,922,481,340	
	Allocation for Bumiputera Purchasers @10% discount on selling price for 50% of the serviced apartments, SoVo and retail lots		(RM271,875,000)		
	<b>Total</b>		<b>RM7,062,153,440</b>		

9.5 The following is a breakdown of the cash flows from Year 1 to Year 10 in our Discounted Cash Flow methodology.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Total Cash Inflow	RM604,186,763	RM764,790,813	RM849,053,313	RM970,521,863	RM914,490,160	RM808,282,610
Total Cash Outflow	RM592,161,038	RM736,164,203	RM812,480,237	RM747,492,529	RM717,950,632	RM620,961,845
Net Cash Flow	RM12,025,724	RM28,626,610	RM36,573,076	RM223,029,334	RM196,539,528	RM187,320,765

	Year 7	Year 8	Year 9	Year 10	Total
Total Cash Inflow	RM808,282,610	RM558,783,360	RM468,516,350	RM315,245,600	RM7,062,153,440
Total Cash Outflow	RM620,961,845	RM409,850,687	RM305,783,975	RM196,541,493	RM5,760,348,485
Net Cash Flow	RM187,320,765	RM148,932,673	RM162,732,375	RM118,704,107	RM1,301,804,955

9.6 The Gross Development Value in our Discounted Cash Flow methodology is RM7,062,153,440 based on the following selling prices:-

Type of Development	Adopted Selling Price	Remarks
Serviced Apartments	RM650 per sq ft	Based on the transacted prices of Solace @ Setia Walk, Hijuan Puteri Condominium, The Zest @ Kinrara 9, Atmosfera Condominium and Aseana Puteri ranging from RM495 to RM638 psf between December 2013 to April 2014. The current developer's selling prices of the ongoing project of Trigon @ Setia Walk, Zeva @ Equine South, Nouvo@ 3 Element, Aurora Residence @Lake Side City, Epic Suites @ BP New Town, Skyz Residence, IRDK Residences, Koi Prima (Phase 2), O2 Residences, Elevia Residence, Aurora Place @ Bukit Jalil and Avenue Crest ranges between RM413 and RM750 psf.
SoVo	RM700 per sq ft	
Retail Lots	RM1,200 per sq ft	Based on the transacted prices of retail shops in Setia Walk and IOI Boulevard ranging from RM1,134 to RM1,829 psf between October 2011 to October 2013. The current asking prices of IOI Boulevard Garden Shoppe One City, Sky Park, Empire Tower and Setia Walk are between RM1,000 and RM1,300 psf.
Hotel (4-star)	RM350,000 per room	Based on the transacted prices/valuation of Sunway Resort Hotel & Spa, Pyramid Tower Hotel, Grand Bluewave, Vistana Kuala Lumpur, Putrajaya Marriott Hotel and Palm Garden Hotel ranging from RM253,731 to RM1,199,095 per room between December 2010 and June 2014.
Office Towers	RM680 per sq ft	Based on the transacted prices/valuation of Wisma UEP, Bangunan Lestari, East Wing The Icon, Tower 8 Bangsar South, the ongoing PJ Sentral Phase 1 ranging from RM442 to RM974 psf between September 2011 to March 2013.
Shopping Mall	RM900 per sq ft	Based on the transacted prices/valuation of Pyramid Shopping Mall, Pavilion Kuala Lumpur, KL Festival City Mall, Citta Mall, The Mines Shopping Centre, IOI City Mall and IOI Mall ranging from RM570 to RM2,390 psf between October 2011 and June 2014.
Podium/Basement Car parks	RM35,000 per bay	Based on the transacted prices of car park bays within Gasing Heights and La Villas ranging from RM20,000 to RM28,000 per bay between September and February 2010 to July 2012 and the selling prices of car parks within the ongoing serviced apartment in Boulevard Business Park ranging from RM20,000 to RM30,000 per bay in 2011.

Source: Khong & Jaafar Research

- 9.7 Generally, the basis is predicated on the timing of development for each component of development, in phases. We have adopted a timing of 10 years for this development based on the size of this development which involves a total of 7,880 units (excluding car parks) in four different phases.
- 9.8 Generally in our Discounted Cash Flow model, we have projected the phasing of the development as follows:-

Phases	Development Content	No. of Units	Development Period
1	Serviced Apartments and Retail Lots	3,690	Year 1 to Year 5
2	Serviced Apartments, Hotel and Retail Lots	524	Year 2 to Year 4
3	Serviced Apartments, SoVo and Retail Lots	1,981	Year 4 to Year 9
4	Office, SoVo and Retail Lots	1,682	Year 6 to Year 10
	Shopping Mall & Office Tower	3	Year 5 to Year 8

- 9.9 The annual cash outflow is based on the standard progressive payment schedule applicable for similar developments in the country.
- 9.10 The total Gross Development Cost is RM5,760,348,485. The gross development costs are based on industry average costs. We have also made reference to and accepted the developer's cost as they are in accordance with industry average costs. The main items of costs are as follows:-

Description	Total Cost	Remarks
1. Estimated Conversion Premium	RM97,000,000	Based on the scale fee for additional premium to be paid for variation and alteration of category of land use from "industrial" to "commercial", in accordance to the Selangor Land Rules 2003 and counterchecked with our previous valuations and data compiled and kept in our records.
2. Estimated Premium for Extension of Leasehold term from 78.85 years to 99 years	RM100,000,000	Our estimation based on the calculation of rates of premium to be charged for extension of lease of the land in accordance to the computation by the Selangor Land Rules 2003
3. Development Charges	RM90,000,000	Based on 30% of the difference in enhancement of land value from industrial use to commercial use in accordance to the Majlis Perbandaran Subang Jaya
4. Titles/Survey Plans @ RM1,000 per title	RM7,874,000	Based on our records from our previous valuations of similar properties in Selangor and data compiled and kept in our records
5. Estimated Statutory Contribution:	RM122,327,775	
6. The estimated contribution for many of the road improvement projects. This includes the cost of construction of a bridge across the Sungai Klang – Project 15.	RM100,000,000	Based on the information provided by the Client and represents the estimated contribution for the many road improvement projects displayed recently at the Majlis Perbandaran Subang Jaya. Based on the Draft Local Plan, several identified projects are expected to enhance and improve accessibility to the Property under consideration, namely Project 11, Project 12a, Project 12b, Project 15, Project 16, Project 17 and Project 18. Based on industry average figures and estimated costs for road improvement projects we have adopted in previous valuations, generally, the cost averages between RM70,000,000 to RM150,000,000 and is dependent on the total number of linkages / road improvement projects and the number of parties sharing the total cost.
7. Site clearance & earthworks (inclusive of stabilization/ filling of pond)	RM88,708,000	The general rate for earthworks and site clearing based on industry average figures is between RM200,000 to RM500,000 per acre depending on the physical attributes of the land including its terrain. Some parts of the site has been cleared whilst the remaining parts are overgrown with shrubs, bushes and thick undergrowth and two small shallow ponds. However, as the Property has former mining ponds, additional costs are required to stabilise and fill the ponds. In addition, because the land is located next to a lake, additional costs may be incurred to strengthen the land and construct the necessary embankments.

Description	Total Cost	Remarks
		Hence, although the rate adopted in our Discounted Cash Flow of RM1,000,000 per acre appears higher than industry average figures, this is because of the additional cost that will be incurred and we are of the opinion that it is reasonable and sufficient.
8. Infrastructure & landscaping (local & common - inclusive of roads, drains, telecommunication, streetlights etc.)	RM177,416,000	Based on industry average figures i.e. between RM750,000 to RM2,000,000 per acre depending on the total infrastructure that needs to be provided, the size of the land, the physical attributes of the land and its surrounding lands and the landscape envisaged by the developer. We are of the opinion that the estimate of RM2,000,000 per acre for infrastructure and landscaping cost is reasonable to meet the cost required to provide the same, bearing in mind that the development would be a medium/high-end development and that the north and eastern boundary of the land is bounded by a lake.
9. Building Cost	RM2,922,481,340	Please refer to the explanation under item 9.11.
10. Professional Fees	RM223,202,374	We adopted a rate of 7% of Items 7 to 9 above. These are the fees payable to Architects, Engineers, Land Surveyors, Planners and Quantity Surveyors based on their scale fee, and have been arrived at by referring to records of similar developments and enquiries with the respective professionals which reveal that the professional fees normally range from about 5% to 8% depending on the size of the project and the development content.
11. Marketing and Management	RM211,864,603	We adopted a rate of 3% of the GDV. It is derived from analyses of sales of similar schemes as well as recognising rates used in our previous valuations and after taking into account the development content of the Property under consideration
12. Interest on Capital	RM207,043,705	The finance cost adopted is 10% per annum on 50% of the costs. This cost is the normal rate we use in all our DCF valuations for similar properties and is in line with the industry average borrowing cost from financial institutions.
13. Developer's Profit	RM1,412,430,688	The developer's profit reflects the risk in the project whilst the present value reflects the time value of money. Jointly they make up the defacto discount rate. The discount rate is required to be market derived when estimations of Market Value are the end objective. Our discount rate is market derived and it is, generally, the implied pre-tax discount rate from analyses of sales of development lands from past transactions in Malaysia.

9.11 **Building Cost:-**

Based on industry average figures and data compiled from previous valuations of similar properties, the cost to construct Serviced Apartments/SoVo units are in the region of RM170 to RM250 per square foot, the retail lots in the region of RM120 to RM150 per square foot, hotels between RM400 to RM450 per square foot, office towers between RM160 to RM180 per square foot, shopping malls between RM250 to RM350 per square foot and car parking bays between RM25,000 to RM30,000 per bay for podium car park and RM50,000 to RM60,000 per bay for basement car park. The rates are based on the location, land area, development concept, number of storeys and building specifications or grade. The cost of construction of shopping malls is also dependent on the envisaged quality of the mall, whereas, for the hotel, the construction cost depends significantly on the envisaged facilities and star rating.

The building cost adopted for this valuation exercise are as follows:-

Component	Building Cost
Serviced Apartments	RM220 per square foot
Retail Lots	RM150 per square foot
Hotel	RM400 per square foot
Office Towers	RM180 per square foot
SoVo	RM200 per square foot
Shopping Mall	RM300 per square foot
Podium Car Park	RM25,000 per bay
Basement Car Park	RM50,000 per bay
Clubhouse cum Sales Gallery	RM80,000,000

9.12 The development period assumed in our Discounted Cash Flow model is ten years. In our opinion, this is the time frame required for construction and completion and the marketing of the units of development. The development period is essentially market derived and is also based on analyses of similar ongoing projects.

9.13 Reconciliation of Values:-

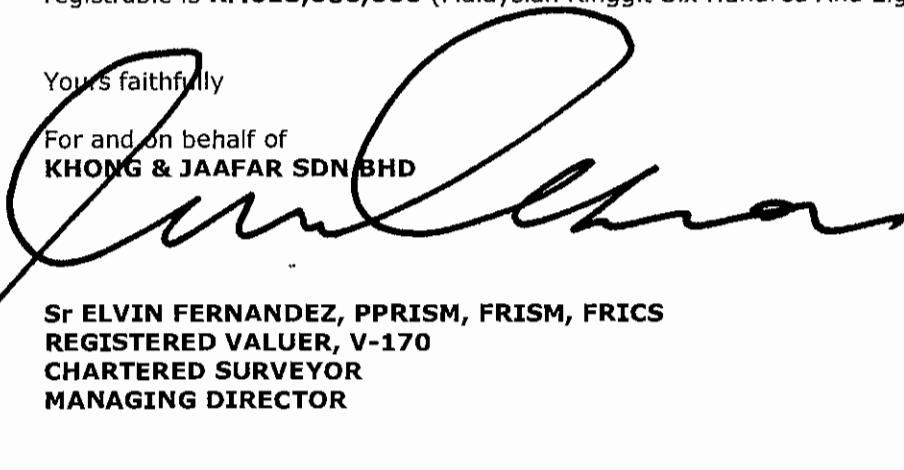
Valuation Approach	Derivation of Values
Comparison Approach To Value	RM618,000,000
Income Approach To Value (Discounted Cash Flow Methodology)	RM610,000,000

We have relied more on the Comparison Approach to Value as compared to the Income Approach to Value (Discounted Cash Flow Methodology) as the Property is a parcel of development land with commercial cum residential development potential without the benefit of any planning approvals. We are also very cognizant of the fact that the Property lacks approval for development, and that the new owner can vary the proposed development content when he submits for planning approvals. Nonetheless the Income Approach to Value can, in the circumstances, broadly act as a check. The model for the Income Approach to Value (Discounted Cash Flow methodology) we have used is our standard model which we normally use to analyse transactions as well as value development properties.

In our opinion, the **Market Value** of the leasehold Property having an unexpired term of about 78.85 years, in its existing condition (physical, legal, economic), with vacant possession and subject to its Title being free from encumbrances good marketable and registrable is **RM618,000,000** (Malaysian Ringgit Six Hundred And Eighteen Million Only).

Yours faithfully

For and on behalf of  
**KHONG & JAAFAR SDN BHD**

  
**Sr ELVIN FERNANDEZ, PPRISM, FRISM, FRICS  
REGISTERED VALUER, V-170  
CHARTERED SURVEYOR  
MANAGING DIRECTOR**

## OPINION LETTER BY KHONG &amp; JAAFAR DATED 11 NOVEMBER 2014



# KHONG & JAAFAR SDN BHD (31218-T)

VALUERS (REAL ESTATE, BUSINESSES, INTANGIBLES & PLANT & MACHINERY), ESTATE AGENTS, PROPERTY CONSULTANTS, PROPERTY MANAGERS, PROPERTY INVESTMENT ADVISORS, MARKET & FEASIBILITY RESEARCHERS, LITIGATION SUPPORT, TENANT REPRESENTATION, DISPUTE RESOLUTION (EXPERT DETERMINATION) V(1)0005

PENILAI (HARTA TANAH, PERNIAGAAN, HARTA TANAH TAK KETARA & LOJI), EJEN HARTA TANAH, PERUNDING HARTA TANAH, PENASIHAT PELABURAN HARTA TANAH, PENYELIDIK PASARAN DAN KEMUNGKINAN, SOKONGAN TINDAKAN UNDANG-UNDANG, PERWAKILAN PENYEWA, PENGURAIAN PEMBANTAHAN (PENENTUAN PAKAR) V(1)0005



benchmark  
IN QUALITY  
ISO 9001:2000



57-1 Jalan Telawi Tiga, Bangsar Baru, 59100 Kuala Lumpur, Malaysia Tel : +6 03 2282 9699 Fax : +6 03 2282 9799

Email : khongja@po.jaring.my Website : www.khongjaafar.com.my

Twitter : twitter.com/Khongjaafar Facebook : www.facebook.com/KhongJaafarSdnBhd

Our Ref : MV(S) 606/2014 (A)

11 November 2014

The Directors  
Mah Sing Group Berhad  
Wisma Mah Sing, Penthouse  
Suite 2, No. 163, Jalan Sungai Besi  
57100 Kuala Lumpur

Dear Sir/Madam

**ACQUISITION OF A 88.708-ACRE PARCEL OF DEVELOPMENT LAND WITH COMMERCIAL CUM RESIDENTIAL DEVELOPMENT POTENTIAL LOCATED ALONG JALAN PERINDUSTRIAN PUCHONG, OFF THE LEBUHRAYA DAMANSARA-PUCHONG (LDP) AND ADJACENT TO THE NORTH OF THE LAKE EDGE PUCHONG PROJECT BY MS LAKECITY SDN BHD (FORMERLY KNOWN AS MAH SING GROUP VENTURES SDN BHD AND PRIOR TO THAT, GRAND PAVILION DEVELOPMENT SDN BHD) (A WHOLLY-OWNED SUBSIDIARY OF MAH SING GROUP BERHAD) ("MS LAKECITY SDN BHD") ("ACQUISITION")**

We refer to the abovementioned Acquisition where the purchase consideration as shown in the Sale & Purchase Agreement dated 28 August 2014 is RM656,896,779. The purchase price will be paid in stages over a period of 4 years. In line with the staggered payment, in accordance with the Sale and Purchase Agreement, the Purchaser is also obliged to pay an additional interest sum of RM31,531,045, over the 4 year period. This would mean that the total purchase consideration Mah Sing is paying for the Property is RM688,427,824. Whilst 9.54% of the total purchase consideration is payable under normal sale and purchase terms and conditions, 28.63% of the consideration is payable only on the 12<sup>th</sup> month, 21.37% is payable only on the 24<sup>th</sup> month, 20.61% is payable only on the 36<sup>th</sup> month and 19.85% is only payable on the 48<sup>th</sup> month from the date of the Sale and Purchase Agreement.

This advantageous deferred payment structure for MS Lakecity Sdn Bhd would mean that, de facto, in today's present value MS Lakecity Sdn Bhd is paying less than RM688,427,824 for the property.

Accordingly, we are of the opinion that, based on present valuing the 90.46 per cent to today's value, the present value of the purchase consideration is in the region of RM590.8 million and this represents a lower purchase price as compared with our opinion of market value of the abovementioned property at RM618,000,000.

Page 1 of 2

We have present valued the parts of the purchase consideration that are receivable in the future at a market derived rate of 10 per cent which is obtained in accordance with the International Valuation Standards requirement that all market value computations must be derived from analysis of market sales.

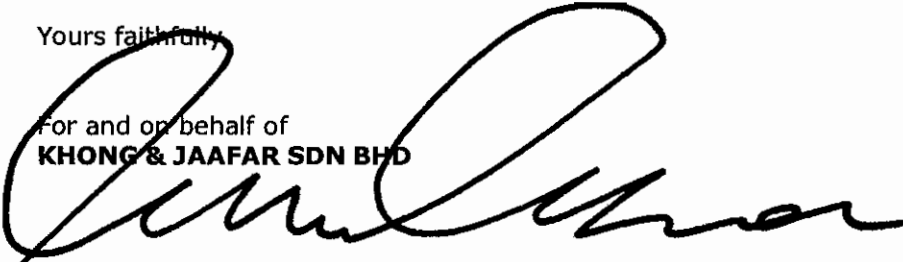
The Malaysian Valuation Standards and the Asset Valuation Guidelines of the Securities Commission, require that by virtue of the definition of the term "Market Value" it should "...exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of Special Value ..."

Thus, whilst it is perfectly reasonable for MS Lakecity Sdn Bhd to conclude the purchase at the declared total price of RM688,427,824 (including the interest payments), it is also important for shareholders and investors to be aware that the purchase consideration, in fact, translates to a present value of about RM590.8 million or about RM152.91 per square foot.

Thank you.

Yours faithfully,

For and on behalf of  
**KHONG & JAAFAR SDN BHD**



**Sr ELVIN FERNANDEZ, PPRISM, FRISM, FRICS  
REGISTERED VALUER, V-170  
CHARTERED SURVEYOR  
MANAGING DIRECTOR**