# *Building* EXCEPTIONAL SPACES

MAH SING GROUP BERHAD
ANNUAL REPORT 2008

MAH SING GROUP BERHAD
(230149-P)
(Incorporated In Malaysia)

Building Exceptional Spaces. Creating Premium Lifestyles.

# And the winner is...

## Celebrating an outstanding 2008

Creating outstanding spaces has been a consistent delivery for Mah Sing Group Berhad ("Mah Sing Group", "Mah Sing" or "the Group") this year; evident in the recognition by several awards in our favour for 2008. These accolades represent not only recognition by industry leaders and our peers, but more so on our direction for the future. Delivering the promise of a premier lifestyle to our customers, we can ask for no better than being awarded Best Developer Overall, Malaysia by the Euromoney Liquid Real Estate Awards and most recently the Best Brand - Property in Malaysia by The BrandLaureate.

We celebrate this recognition in this Annual Report, with a promise of growth and stability in 2009.

# AWARDS & ACCOLADES

Throughout the years, Mah Sing Group has marked its global imprint by winning prestigious international industry awards. Year 2008 was no exception with the Group bagging numerous awards this year.

The Group won 3 categories in the Euromoney Liquid Real Estate Awards 2008 namely Best Developer Overall, Malaysia, Best Office/ Business Developer, Malaysia and Best Mixed-Use Developer, Malaysia.

Southgate Commercial Centre and Aman Perdana, the two projects in the Group's portfolio have won industry-leading honors at the Asia Pacific Property Awards 2009 in association with CNBC Arabia.

Southgate Commercial Centre located in Kuala Lumpur was lauded as Best Office Development in Malaysia, whilst Aman Perdana in the Meru-Shah Alam Growth Corridor was named Best Mixed-Use Development, Malaysia.

Mah Sing Group was named the Best Brand in the Property Category of The BrandLaureate 2008-2009 Awards. We are gratified for the acknowledgement which recognizes the Group's commitment to branding. This branding has been built upon promises kept to buyers, partners, investors and communities in which we conduct business.

The BrandLaureate during their earlier SMEs Chapter Awards 2008 also voted Mah Sing Properties as The Most Preferred Brand - Property, besides honouring Mah Sing Plastics Industries Sdn Bhd with the Best Brand, Corporate Branding, Manufacturing - Plastics award. Besides being acknowledged in The BrandLaureate SMEs Chapter Awards 2008, the plastics division was also awarded the Best Practice Vendor Award by SEMA for achieving Level 7 of MSPI-BP 10 Factory Innovation.

**JUNE 2008**
Won Best Property Malaysia for Kemuning Residence Garden Bungalow Type C1 in Shah Alam at the prestigious Asia Pacific Property Awards 2008 in association with CNBC, the biggest property award in the world.

**AUGUST 2008**
Listed in Top 30, The Edge's Top Property Developers Award 2008 based on Qualitative and Quantitative attributes. We moved up the rank from 15th in year 2007 to the 11th place in year 2008.

**SEPTEMBER 2008**
Won Euromoney Liquid Real Estate Awards 2008 for 3 categories namely Best Developer Overall, Malaysia, Best Office/Business Developer, Malaysia and Best Mixed-Use Developer, Malaysia.

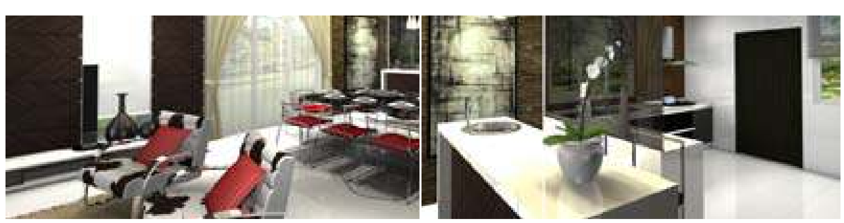
**DECEMBER 2008**
Mah Sing Plastics Industries Sdn Bhd ("MSPI") was accredited with the Best Practice Vendor Award by SEMA for achieving Level 7 of MSPI-BP 10 Factory Innovation.

**JANUARY 2009**
Voted The Most Preferred Brand - Property in The BrandLaureate SMEs Chapter Awards 2008.

Awarded Best Brand, Corporate Branding, Manufacturing - Plastics in The BrandLaureate SMEs Chapter Awards 2008

**MARCH 2009**
Won The BrandLaureate Awards 2008 - 2009 Category - Property.

**APRIL 2009**
Bagged 2 awards in the Asia Pacific Property Awards 2009 in association with CNBC Arabia for Southgate Commercial Centre and Aman Perdana. Southgate Commercial Centre located in Kuala Lumpur was lauded as Best Office Development in Malaysia, whilst Aman Perdana in the Meru-Shah Alam Growth Corridor was named Best Mixed-Use Development in Malaysia.



We aim to be a regional world class developer that will leave an enduring legacy of innovation and excellence.

An award-winning developer, we remain committed to our corporate philosophy of maximising shareholders' value by delivering quality products and excellent services to our customers.

The BrandLaureate Awards 2008-2009
Category - Property

Voted

The BrandLaureate SMEs Chapter Awards 2008
The Most Preferred Brand - Property

Corporate Branding
Manufacturing - Plastics

Best Developer Overall, Malaysia
Best Office/Business Developer, Malaysia
Best Mixed-Use Developer, Malaysia

Top 30, The Edge's Top Property Developers Award (2006 – 2008)
Top 100 Companies With Best Returns Over 5 Years (2006 & 2007)

Best Office Development
Malaysia
Southgate Commercial Centre

Best Mixed-Use Development
Malaysia
Aman Perdana

Best Property Malaysia
Kemuning Residence

Best Development
Malaysia
Damansara Legenda

Forbes Asia Best Under US$1 Billion Company
(2005 – 2007)

Top 1000 Malaysian Companies MDTCA

Best Landscape Award, MBJB

# OUR DEVELOPMENTS

## DEVELOPMENT CONCEPTS

- Grand entrance statements
- Show villages featuring various home designs
- Lush landscaping, co-existing in harmony with nature amidst greenery
- Recreational parks and community areas
- Trendy lifestyle development themes
- Gated and guarded community living
- Innovative designs and excellent finishes
- Green street concept
- Grade A offices
- Integrated business parks

### Commercial Series

Investment-grade Grade A offices, lifestyle commercial development including well-planned business parks, offices, shops and retails.

Mah Sing Group Berhad, Malaysia's premier lifestyle developer, synonymous with trendy, quality properties in prime and strategic locations.

Our developments in the Klang Valley, Penang Island and Johor Bahru are showcases of contemporary lifestyle statements. An innovator of concept living, we provide harmonious and serene environments with gated and guarded security which is a joy to come home to.

## Legenda Series

DamansaraLegenda
The Perfect Symphony Of Life

OneLegenda

LEGENDA @ 南沙湾 SOUTHBAY

Luxurious high-end homes in prestigious, prime locations. Extensive landscaping creates a revitalizing ambience for wholesome living.

## Residence Series

碧豪苑 HIJAUAN RESIDENCE @ CHERAS

kemuningresidence Shah Alam

帝豪苑 PERDANA RESIDENCE

RESIDENCE @ 南沙湾 SOUTHBAY

Trend-setting boutique developments: Practical layouts and lush greenery promote better living.

## Perdana Series

富豪苑 AMAN PERDANA
A SENSORY LIVING EXPERIENCE

富莱苑 SRI PULAI PERDANA 2
GARDEN RESORT HOMES

喜莱苑 SIERRA PERDANA

AUSTIN PERDANA 奥汀苑

Sri Pulai Perdana 富莱苑

Well-planned lifestyle townships, self-contained and easily accessible. Well-maintained parks are community focal points.

# PIONEERING NEW CONCEPTS IN OFFICE & RETAIL SPACE


StarParc POINT

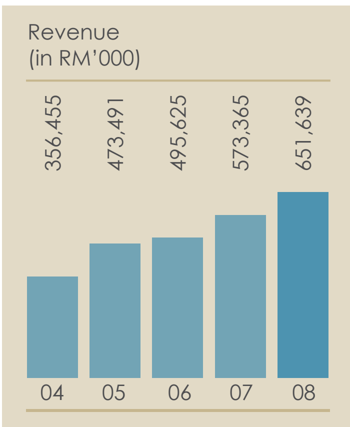
**StarParc Point**

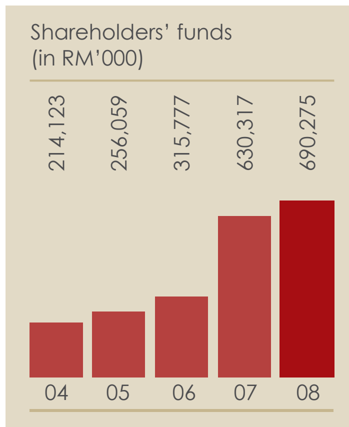
Set in the vibrant neighbourhood of Setapak with a catchment of 700,000 people within a 15-minute drive time, StarParc Point fronts Jalan Genting Klang and is the perfect commercial address for better visibility and excellent accessibility.

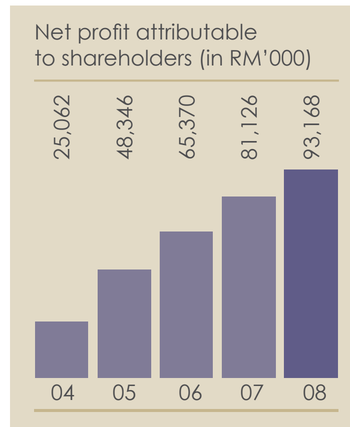
**Tel: +603 9221 6888**

# CONTENTS

# GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS




| **FINANCIAL YEAR ENDED 31 DECEMBER** | **2004 RM'000** | **2005 RM'000** | **2006 RM'000** | **2007 RM'000** | **2008 RM'000** |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Properties | 260,870 | 356,255 | 387,815 | 443,382 | **502,107** |
| Plastics | 95,291 | 117,071 | 107,558 | 126,318 | **145,723** |
| Others | 294 | 165 | 252 | 3,665 | **3,809** |
| | 356,455 | 473,491 | 495,625 | 573,365 | **651,639** |
| Profit/(Loss) Before Taxation | | | | | |
| Properties | 34,807 | 63,336 | 92,351 | 113,439 | **134,946** |
| Plastics | 5,528 | 8,677 | 2,931 | 7,165 | **6,090** |
| Others | (1,494) | (2,393) | (1,998) | (2,899) | **(5,030)** |
| | 38,841 | 69,620 | 93,284 | 117,705 | **136,006** |
| Net Profit Attributable to Shareholders | 25,062 | 48,346 | 65,370 | 81,126 | **93,168** |
| Paid-Up Share Capital | 145,127 | 145,131 | 152,044 | 310,671 | **313,423** |
| Shareholders' Funds | 214,123 | 256,059 | 315,777 | 630,317 | **690,275** |
| Total Assets Employed | 552,236 | 619,516 | 746,742 | 1,110,124 | **1,199,513** |
| Basic Earnings per Share (sen) | 7.5 | 12.9 | 17.0 | 14.8 | **14.9** |
| Fully Diluted Earnings per Share (sen) | 7.1 | 11.7 | 14.4 | 14.1 | **14.8** |
| Gross Dividend per Share (%) | 6.0 | 12.0 | 12.0 | 16.0 | **16.0** |
| Net Assets per Share (RM) | 0.6 | 0.7 | 0.9 | 1.0 | **1.1** |
| Return on Equity | 12% | 19% | 21% | 13% | **13%** |
| Average Return on Equity | 16% | 21% | 23% | 17% | **14%** |

# CAPITALISING ON OPPORTUNITIES IN THE COMMERCIAL PROPERTY MARKET

**THE ICON JALAN TUN RAZAK & MONT' KIARA**
The Icon is an upscale commercial development found in two very prime and vibrant parts of the Klang Valley. The stylish façade, revolutionary architecture and state-of-the-art features make The Icon a very desirable address for high-flying and aspiring businesses.
**Tel: +603 9221 6888**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS
**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**
Chairman/Independent Non-Executive Director

**DATO' SRI LEONG HOY KUM**
Group Managing Director/Group Chief Executive

**STEVEN NG POH SENG**
Executive Director

**LIM KIU HOCK**
Executive Director

**LEONG YUET MEI**
Non-Independent Non-Executive Director

**CAPTAIN (RTD) IZAHAM BIN ABD. RANI**
Independent Non-Executive Director

**LOH KOK LEONG**
Independent Non-Executive Director

## AUDIT COMMITTEE
**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**

**CAPTAIN (RTD) IZAHAM BIN ABD. RANI**

**LOH KOK LEONG**

## NOMINATION COMMITTEE
**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**

**LEONG YUET MEI**

**CAPTAIN (RTD) IZAHAM BIN ABD. RANI**

## REMUNERATION COMMITTEE
**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**

**DATO' SRI LEONG HOY KUM**

**LEONG YUET MEI**

## OPTION COMMITTEE
**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**

**DATO' SRI LEONG HOY KUM**

**LOH KOK LEONG**

## SECRETARIES
**YANG BAO LING (MAICSA 7041240)**
**KUAN HUI FANG (MIA 16876)**

## REGISTRAR
**PFA Registration Services Sdn Bhd**
(Company No. 19234-W)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 603-2264 3883 Fax: 603-2282 1886

## REGISTERED OFFICE
Penthouse Suite 1, Wisma Mah Sing
No. 163, Jalan Sungai Besi
57100 Kuala Lumpur
Tel: 603-9221 8888 Fax: 603-9222 2833
E-mail: ir@mahsing.com.my
Website: www.mahsing.com.my

## AUDITORS
**Deloitte KassimChan (AF 0080)**
Chartered Accountants
Level 19, Uptown 1
No. 1, Jalan SS 21/58, Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7723 6500 Fax: 603-7726 3986

## BANKERS
Affin Bank Berhad
CIMB Bank Berhad
CIMB Islamic Bank Berhad
EON Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Bhd
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

PT Bank Ekonomi Raharja
The Bank of Tokyo-Mitsubishi UFJ, Ltd

## STOCK EXCHANGE LISTING
Main Board of Bursa Malaysia
Securities Berhad

## STOCK SHORT NAME
MAHSING (8583)

## INDEX
Kuala Lumpur Composite Index (KLCI)

# THE PERFECT SYMPHONY OF LIFE IN A TROPICAL RESORT SETTING

RESIDENCE @ 南沙湾 SOUTHBAY

**RESIDENCE@SOUTHBAY**

Hidden in a quiet corner of the bustling Penang Island lie homes that invite you to a world with a luxurious difference – Residence@Southbay. Created to reflect an island resort, this enclave lets you enjoy the abundant beauty of its natural setting with state-of-the-art security that upholds your privacy and safety. The triple-storey homes are well-crafted to allow in the lush outdoors while giving a sense of spaciousness that enhances living comforts.

**Tel: +604 630 9888**

# CORPORATE PROFILE

## PROPERTY MILESTONES

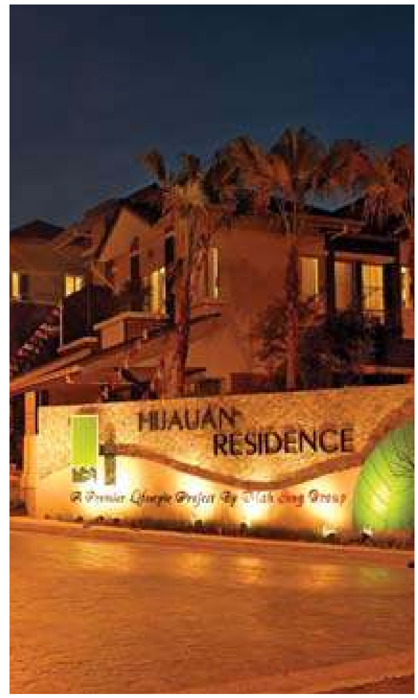
| | |
|---|---|
| 1994-2000 | Ventured into property development and completed 4 projects. |
| Feb 2000 | Acquired 303 acres of freehold development land in Skudai, JB. |
| Oct 2000 | Launched Sri Pulai Perdana project in Skudai, JB. |
| Jun 2003 | Acquired 168 acres of freehold development land in Tebrau, JB. |
| Aug 2003 | Launched Austin Perdana project in Tebrau, JB. |
| Oct 2003 | Acquired 17 acres of freehold development land in Damansara, PJ. |
| Apr 2004 | Acquired 315 acres of freehold development land in Meru-Shah Alam Growth Corridor. |
| Jun 2004 | Officially launched Damansara Legenda high-end niche project in Damansara, PJ. |
| Feb 2005 | Officially launched Aman Perdana, Meru-Shah Alam Growth Corridor. |
| Jan 2006 | Listed among Top 1000 Companies in Malaysia for 2004/2005 by the Ministry of Domestic Trade and Consumer Affairs. |
| May 2006 | Ranked 1st in the Property Sector, in The Edge's Top 100 Companies with Best Returns Over 5 Years. |
| Oct 2006 | Awarded Forbes Asia Best Under US$1 Billion Company. |
| Jun 2007 | Won The Edge KPMG Top Shareholder Return. |
| Aug 2007 | Listed in Top 30, The Edge's Top Property Developers Award 2007. |
| Sep 2007 | Damansara Legenda awarded Best Development Malaysia by International Property Awards in association with CNBC. |
| Oct 2007 | Awarded Forbes Asia Best Under US$1 Billion Company. |
| Jan 2008 | Acquired 67 acres of freehold land for Sri Pulai Perdana 2. |
| Feb 2008 | Listed as a Kuala Lumpur Composite Index Stock. |
| Jun 2008 | Won Best Property Malaysia for Kemuning Residence Garden Bungalow Type C1 in Shah Alam at the Asia Pacific Property Awards 2008 in association with CNBC. |
| Aug 2008 | Listed in Top 30, The Edge's Top Property Developers Award 2008. |
| Sep 2008 | Won Euromoney Liquid Real Estate Awards 2008 for 3 categories namely Best Developer Overall, Malaysia, Best Office/Business Developer, Malaysia and Best Mixed-Use Developer, Malaysia. |
| Nov 2008 | Acquired 5.3 acres of freehold land for commercial development of StarParc Point in Setapak. |
| Dec 2008 | MSPI awarded Best Practice Vendor Award by SEMA for achieving Level 7 of MSPI-BP 10 Factory Innovation. |
| Jan 2009 | Mah Sing Properties voted as The Most Preferred Brand – Property in The BrandLaureate SMEs Chapter Awards 2008. |
| | MSPI awarded Best Brand, Corporate Branding, Manufacturing – Plastics in The BrandLaureate SMEs Chapter Awards 2008. |
| Mar 2009 | Mah Sing Group Berhad named Best Brand in the Property Category of The BrandLaureate 2008-2009 Awards. |
| Apr 2009 | Aman Perdana named Best Mixed-Use Development and Southgate Commercial Centre named Best Office Development at the Asia Pacific Property Awards 2009 in association with CNBC Arabia. |

# CORPORATE HIGHLIGHTS



**THE ICON MONT' KIARA**
Leveraging on the strategic location within Mont' Kiara, the Group aims to create an exciting commercial development in an expanding neighbourhood.

**THE ICON JALAN TUN RAZAK**
The Icon is an upscale 20-storey Grade A office building situated within the vicinity of Kuala Lumpur City Centre (KLCC).




**HIJAUAN RESIDENCE**
Planned with a tropical eco-park theme, Hijauan Residence caters to the demand for luxury garden homes within a gated and guarded sanctuary.

**JANUARY 2008**
Acquired 67 acres of freehold land in Johor Bahru to be developed into garden resort homes with a gated and guarded community living concept with clubhouse.

**FEBRUARY 2008**
The Group was listed as a component stock of the Kuala Lumpur Composite Index.

**JUNE 2008**
Won "Best Property Malaysia" for Kemuning Residence Garden Bungalow Type C1 in Shah Alam at the prestigious Asia Pacific Property Awards 2008 in association with CNBC.

**AUGUST 2008**
The Group was listed in Top 30, The Edge's Top Property Developers Award 2008 based on Qualitative and Quantitative attributes. We moved up the rank from 15th in year 2007 to the 11th place in year 2008.

**SEPTEMBER 2008**
Won Euromoney Liquid Real Estate Awards 2008 for 3 categories namely Best Developer Overall, Malaysia, Best Office/Business Developer, Malaysia and Best Mixed-Use Developer, Malaysia.

**NOVEMBER 2008**
Acquired 5.3 acres of freehold land zoned for commercial development of StarParc Point in Setapak, Kuala Lumpur.

**DECEMBER 2008**
MSPI was accredited with the Best Practice Vendor Award by SEMA for achieving Level 7 of MSPI-BP 10 Factory Innovation.

**JANUARY 2009**
Voted The Most Preferred Brand – Property by The BrandLaureate SMEs Chapter Awards 2008.

Awarded Best Brand, Corporate Branding, Manufacturing - Plastics in The BrandLaureate SMEs Chapter Awards 2008.

**MARCH 2009**
Awarded Best Brand in the Property Category of The BrandLaureate 2008-2009 Awards.

# DISCOVER A BRAND NEW METROPOLITAN PENANG

**SOUTHBAY CITY**
Southbay will be an elite billion dollar township project with a thriving community set in a prime location. It is a mere stone's throw away from Penang's latest lifestyle mall, healthcare & educational facilities and other amenities.

The township is easily accessible via Penang Bridge, Coastal Highway, and the State's latest ventures such as the Second Link Bridge and the expansion of Penang International Airport.
**Tel: +604 630 9888**

# CORPORATE STRUCTURE

## ACTIVE OPERATING SUBSIDIARIES

MAH SING GROUP BERHAD

## PROPERTY DIVISION

### PROPERTY DEVELOPMENT

- 100% Mah Sing Properties Sdn Bhd
  - 100% Mestika Bistari Sdn Bhd
- 100% Intramewah Development Sdn Bhd
- 100% Nova Century Development Sdn Bhd
- 100% Nova Legend Development Sdn Bhd
- 100% Venice View Development Sdn Bhd
- 100% Legend Grand Development Sdn Bhd
- 100% Star Residence Sdn Bhd
- 100% Loyal Sierra Development Sdn Bhd
- 100% Maxim Heights Sdn Bhd
- 100% Jastamax Sdn Bhd
- 100% Supreme Springs Sdn Bhd
- 70% Vienna View Development Sdn Bhd
- 70% Vienna Home Sdn Bhd
- 70% Enrich Property Development Sdn Bhd

### PROPERTY MANAGEMENT

- 100% Acacia Springs Management Sdn Bhd
- 100% Mestika Kenangan Sdn Bhd
- 100% Prima Peninsular Development Sdn Bhd
- 100% Quantum Noble Development Sdn Bhd
- 100% Vienna Grand Development Sdn Bhd

## PLASTICS DIVISION

### PLASTICS MANUFACTURING

- 100% Mah Sing Plastics Industries Sdn Bhd
  - 100% Kenwira Sdn Bhd
- 100% Vital Routes Sdn Bhd
  - 65% PT Mah Sing Indonesia

### PLASTICS TRADING

- 100% Mah Sing Enterprise Sdn Bhd

CORE FACTS | MESSAGES | COMMUNITY ACTIVITY | GOVERNANCE | FINANCIALS | NOTICES | FORM OF PROXY

# A SENSORY LIVING EXPERIENCE SURPASSING ALL OTHERS

富豪苑 AMAN PERDANA

A SENSORY LIVING EXPERIENCE

**AMAN PERDANA**

Located strategically in the highly accessible Meru-Shah Alam Growth Corridor, Aman Perdana is a freehold 315-acre development consisting of semi-detached homes and bungalows set in a linear park. Designed as a tropical resort theme, a large portion of the neighbourhood is dotted with lakes and parks that cater to the recreational needs of the residents.

**Tel: +603 3291 3666**

# DIRECTORS' PROFILE

**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**
**Chairman/**
**Independent Non-Executive Director**

***Malaysian, 73 years of age***
- ***Appointed to the Board on 29 June 1994***
- ***Chairman of the Audit Committee***
- ***Chairman of the Nomination Committee***
- ***Chairman of the Remuneration Committee***
- ***Chairman of the Option Committee***
- ***Attended all the 4 Board and Audit Committee Meetings convened during the financial year.***

Jen. (R) Tan Sri Yaacob had a distinguished career spanning nearly 40 years in Angkatan Tentera Malaysia before retiring in 1993 as a Panglima Angkatan Tentera Malaysia. He attended courses at the Australian Army General Command and Staff College; the Naval Post Graduate School in Monterey, United States of America; the Royal College of Defence Studies in the United Kingdom; and an Advance Management Programme at Harvard Business School.

Apart from his directorship in the Company, he is the Chairman of Affin Investment Bank Berhad, Syarikat Permodalan Kebangsaan Berhad, SPK Sentosa Corporation Berhad and TecAsia Group Berhad.

There is no conflict of interest between him and the Company nor are there any family relationships between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

**DATO' SRI LEONG HOY KUM**
**S.S.A.P.,D.P.M.S., J.P., Hon. Ph.D**
**Group Managing Director/**
**Group Chief Executive**

***Malaysian, 51 years of age***
- ***Founder and First Director Appointed to the Board, on 3 December 1991***
- ***Member of the Remuneration Committee***
- ***Member of the Option Committee***
- ***Attended all the 4 Board Meetings convened during the financial year.***

Dato' Sri Leong founded the plastics manufacturing division in 1979 and listed Mah Sing Group Berhad on the Kuala Lumpur Stock Exchange in 1992. He has been on the Central Committee of the 900-member Malaysian Plastics Manufacturers Associations since 1986. He has been the Honorary President of the Young Malaysian Movement Association (YMM) since 1999 and of The Dramatic Art Society, Malaysia since 1996. Besides that, he has been the Vice-President of the Table Tennis Association of Malaysia since 1999.

To further enhance shareholders' value, he led the Group into the lucrative property development business since 1994. He pioneered an effective fast turnaround development strategy, played a crucial role in securing key landbanks in strategic locations as well as positioned the Group as a premier lifestyle developer. His vast experience spanning 30 years as well as his entrepreneur spirit culminated in the Group expanding rapidly with 16 projects in Malaysia's main growth corridors, namely Kuala Lumpur, Klang Valley, South Johor and Penang. Under his astute stewardship, the Group has also been transformed into one of Malaysia's fastest growing company with international accolades.

In recognition of his achievements and contributions, he was conferred the Darjah Paduka Mahkota Selangor (D.P.M.S.) which carries the title of "Dato' " in 1996, the Jaksa Pengaman (J.P.) in 2001 and Darjah Kebesaran Sultan Ahmad Shah Pahang Yang Amat DiMulia – Peringkat Pertama Sri Sultan Ahmad Shah Pahang (S.S.A.P.) which carries the title "Dato' Sri" in 2007.

He also sits on the Board of Directors of various other private companies.

He is the brother to Director, Ms Leong Yuet Mei. There are no conflict of interest between him and the Company nor has he been convicted for any offences within the past 10 years other than for traffic offences, if any.

**MR STEVEN NG POH SENG**
**Executive Director**

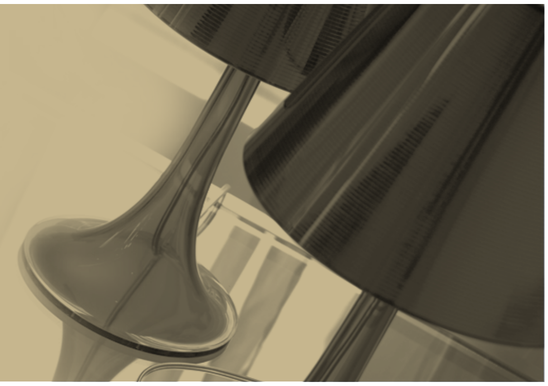
***Malaysian, 43 years of age***
- ***Appointed to the Board on 27 June 2005***
- ***Attended all the 4 Board Meetings convened during the financial year.***

Mr Ng has more than 19 years of experience in audit, accounts, corporate finance and financial investment. He holds a Bachelor of Science degree majoring in accounting from the University of Wales (UK). He is a member of both the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. He worked in a Chartered Accountancy firm in the United Kingdom and upon his return to Malaysia, he served as a Manager in Malaysian International Merchant Bankers Berhad before joining SP Setia Berhad. After 8 years of service in SP Setia Berhad, he left as Head of Corporate Affairs prior to joining the Company.

He is currently Executive Director of the Company heading the Group Corporate and Investment Division.

There is no conflict of interest between him and the Company nor are there any family relationships between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

# DIRECTORS' PROFILE
(CONT'D)



**MR LIM KIU HOCK**
**Executive Director**

***Malaysian, 53 years of age***
- ***Appointed to the Board on 30 October 2006***
- ***Attended all the 4 Board Meetings convened during the financial year.***

Mr Lim has more than 28 years experience in property development. He holds a Bachelor (Hons) Degree in Housing, Building and Planning from the University of Science, Penang. He is a member of The Chartered Institute of Building, United Kingdom (CIOB). He was the head of the property division of the Berjaya Land Bhd for 13 years, before moving on to MK Land Holdings as Chief Operating Officer, and then on to Zelan Development Sdn Bhd, a subsidiary of Tranoh Consolidated Berhad as Managing Director. He is well experienced in handling the development of golf and seaside resorts, shopping malls development and management, residential housing schemes and privatization of projects from the government.

He joined the Company as Business Development Director before being appointed to the Board.

There is no conflict of interest between him and the Company nor are there any family relationships between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

**CAPTAIN (RTD) IZAHAM BIN ABD. RANI**
**Independent Non-Executive Director**

***Malaysian, 47 years of age***
- ***Appointed to the Board on 16 April 2001***
- ***Member of the Nomination Committee***
- ***Member of the Audit Committee***
- ***Attended all the 4 Board and Audit Committee Meetings convened during the financial year.***

Captain Izaham served in the Malaysian Armed Forces for nearly 14 years before his early retirement in 1992. He attended various career courses conducted domestically as well as in Australia and Singapore. He was the Business Development Manager at the Kukup Golf Resort in Pontian, Johor before serving Port Dickson Golf & Country Club as the General Manager until end 2004.

Captain Izaham is also a Director in a leading multinational petroleum company from the Sultanate of Oman, (MB Petroleum Services Sdn Bhd) and Epicentro Resources Sdn Bhd which deals in Defence Products and is a subsidiary of British Aerospace (BAE Systems).

There is no conflict of interest between him and the Company nor are there any family relationships between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

**MR LOH KOK LEONG**
**Independent Non-Executive Director**

***Malaysian, 44 years of age***
- ***Appointed to the Board on 23 September 2002***
- ***Member of the Audit Committee***
- ***Member of the Option Committee***
- ***Attended 3 out of the 4 Board and Audit Committee Meetings convened during the financial year.***

Mr Loh is an accountant by profession and has been attached to various international accounting firms both in Malaysia as well as overseas for more than 20 years, of which 3 years was dedicated as a partner of Deloitte Touche Tohmatsu Kuala Lumpur. He is currently a partner of a professional services firm, Russell Bedford LC & Company.

Apart from his directorship in the Company, he is also a director of TAHPS Group Berhad.

There is no conflict of interest between him and the Company nor are there any family relationships between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

**MS LEONG YUET MEI**
**Non-independent Non-Executive Director**

***Malaysian, 55 years of age***
- ***Appointed to the Board on 17 November 1997***
- ***Member of the Nomination Committee***
- ***Member of the Remuneration Committee***
- ***Attended 3 out of the 4 Board Meetings convened during the financial year.***

Ms Leong has been attached to RHB Securities Sdn Bhd as a Dealers Representative since 1991. Prior to that, she was attached to KAF Discount Berhad as a Senior Accountant.

Ms Leong is the elder sister to Dato' Sri Leong Hoy Kum, Group Managing Director/Group Chief Executive. There is no conflict of interest between her and the Company nor has she been convicted for any offences within the past 10 years other than for traffic offences, if any.

# ULTIMATE BUSINESS ADDRESS ON PRIME FREEHOLD LAND IN KL CITY

**SOUTHGATE COMMERCIAL CENTRE**
Trendy with cutting edge infrastructure, Southgate Commercial Centre is designed to meet the needs of modern businesses while elevating business image in the bustling KL city. A contemporary and dynamic environment, expect modern office suites interwoven with designer lifestyle stores, complemented by vibrant gourmet restaurants and alfresco cafés.
**Tel: +6012 227 1998**

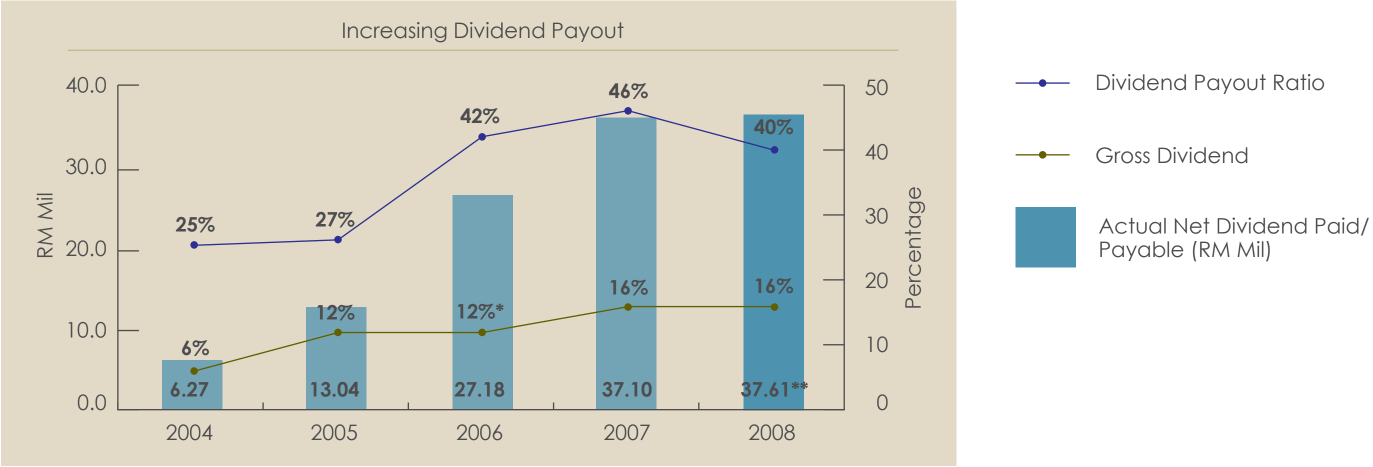
# CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to share with you Mah Sing Group Berhad's Annual Report for the financial year ended 31 December 2008.

Despite a challenging market, Mah Sing Group Berhad saw double digit growth in Profit After Tax after Minority Interest (PATMI), registering RM93.2 million on the back of revenue of RM651.6 million. This represents a 15% year-on-year improvement in PATMI, compared to RM81.1 million for the previous financial year 2007. As a consumer sensitive developer, our competitive edge has well prepared us to plan ahead of time, giving both our buyers and investors a value advantage. The strong take up rates on both residential and commercial developments further demonstrated investors' confidence in our ability, and our long-term view of the sustainable growth of Malaysia's economy and its real estate market.

I am pleased to announce that the Board of Directors has recommended a first and final dividend of 16% or 8 sen per ordinary share, less income tax of 25% for the financial year ended 31 December 2008. This represents a minimum payout of approximately 40% of net profit and is subject to approval by shareholders at the forthcoming Annual General Meeting.




Note * Based on enhanced capital after corporate exercise
Note ** Approximate based on share base as at 31 December 2008

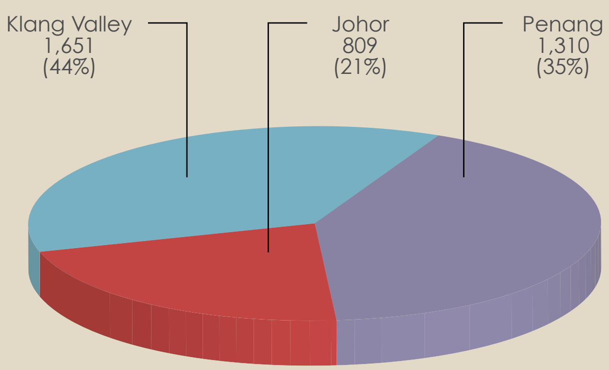
# CHAIRMAN'S STATEMENT
(CONT'D)

## CORPORATE HIGHLIGHTS

### Acquisition of Development Land

Mah Sing has consistently replenished our landbanks within the key markets of the Klang Valley, Penang Island and Johor Bahru over the past few years. In 2008, we purchased 3 pieces of land; 2 in the Klang Valley and 1 in Johor Bahru. The Group has sustainable earnings visibility through our remaining gross development value and unbilled sales of approximately RM3.8 billion as at 31 December 2008.

Mah Sing's Total Remaining GDV including Unbilled Sales By Region (RM Mil)




Total: RM3,770 million as at 31 December 2008

In Johor Bahru, we continued our success story with the acquisition of a piece of land just 1km from our maiden township of Sri Pulai Perdana. The project is in the Skudai Growth Corridor which is within Iskandar Malaysia. This gated and guarded mixed development, Sri Pulai Perdana 2, will ride on the success of Sri Pulai Perdana and the spillover demand from this matured township.

We acquired a piece of land slated for mixed development in Sekamat, Hulu Langat marking the Group's third foray into the bustling township of Cheras. The Group has planned its product composition to complement the other projects in Cheras namely Hijauan Residence and One Legenda which are both adjacent to the 130 million year old Hulu Langat forest reserve.

Following the success of our commercial projects in previous years, we acquired a piece of prime freehold land in the bustling township of Setapak, Kuala Lumpur in November 2008. Strategically fronting Jalan Genting Klang and opposite the upcoming Parkson Grand, it is slated for a RM125 million commercial development, StarParc Point. Besides the obvious advantage of having freehold status whilst most other developments in the area are of leasehold status, the Group shall be injecting new, value adding concepts into the project.

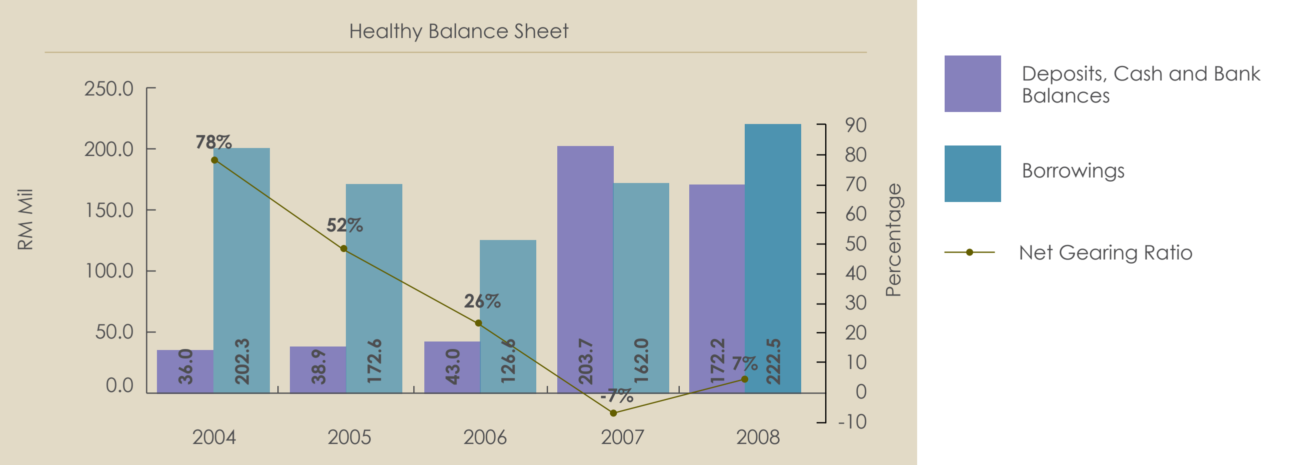
### Moving Forward: Three Prong Strategy

We have done well in Malaysia and we intend to continue our expansion and track record here. We shall adopt a three prong strategy. First, we shall continue our fast turnaround model as it is highly profitable and cash generative. At the same time, we shall look out for large landbank for a potential mass housing project within 2 years. We also do not discount overseas ventures in the future especially in countries with high population growth like China and Vietnam; however, we shall be very careful in evaluating any business expansions to ensure we have good investments that will allow the Group to chart good growth.

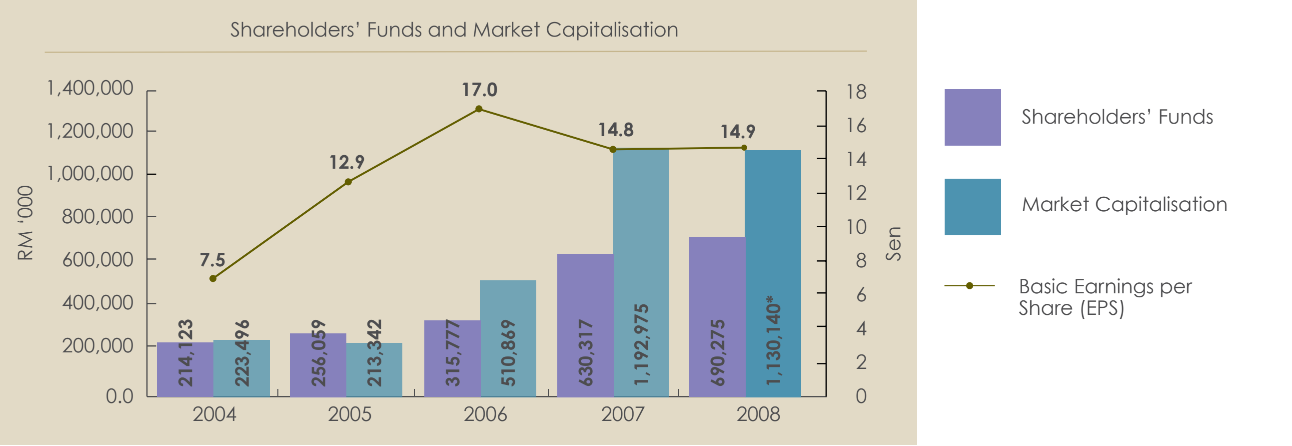
# CHAIRMAN'S STATEMENT
(CONT'D)

## STRONG BALANCE SHEET

Over the years, the Group has built a very healthy and strong balance sheet. We have planned ahead, raised funds via corporate exercises, and used the funds to build ahead in some of the phases in our projects. This has allowed us to lock in our material costs at old rates last year before prices were soaring. Thus, not only were we able to continue selling projects whereby we have locked in the old costs, we also had some marketing edge where buyers can pay a minimum sum and move into a brand new home via our Easy Home Ownership campaign. This, coupled with our commercial project when we sold The Icon Jalan Tun Razak, gives us very healthy cashflow for the Group. We have a total potential warchest of approximately RM900 million should we gear up to 50% and the Group is looking to expand further in Malaysia and overseas.




Our capital raising exercise which was completed has also enlarged our share base to better reflect our scale of operations. Today, Mah Sing Group is one of less than 10 property counters listed on Bursa Malaysia with market capitalization exceeding RM1 billion.




* Based on 14 May 2009 closing share price of RM1.80 and current share capital.

- EPS has dipped slightly due to enhancement of share base from 152 million shares in 2006 to 621 million shares in 2007 after corporate exercises which raised proceeds of approximately RM222 million. The proceeds were deployed for working capital which will enhance future earnings, however, this enhancement was not able to be reflected in the EPS in 2007 due to timing mismatch. From 2007 to 2008, a gradual improvement in EPS can be seen.

# CHAIRMAN'S STATEMENT
(CONT'D)

## CORPORATE SOCIAL RESPONSIBILITY

We have been and will always be building for the community. And in doing so, we understand the correlation between the environment and the people. Mindful of our role as a good corporate citizen in society, the Group makes our contributions for worthy causes via the Mah Sing Foundation that focuses on 3 major areas encompassing medical assistance, education and charity.

The Foundation funded dialysis treatments at the Sau Seng Lam Diabetic Care Center. Other beneficiaries include Pertubuhan Pesakit Barah Malaysia, Persatuan Kebajikan Kanak-Kanak Istimewa Insan and Pudu Rotary Club. To deliver much needed assistance at the scene of natural disasters such as China's Sichuan Province Earthquake, the Foundation donated RM200,000 through Yayasan Nanyang Press. For the second year running, we also supported the Yayasan Bursa Malaysia Kuala Lumpur Rat Race 2008 which raised funds for 15 charities. The Foundation will continue to make a difference in the lives of the distressed and the needy by cooperating with leading national non-profit NGOs for charitable causes.

## AWARDS AND ACHIEVEMENTS

The Group continued to garner domestic and international awards which proved our continued commitment to raise the bar as a premier lifestyle developer. Our innovative product development and quality of finishes, as well as committed customer service are all key to winning these awards.

Stepping up in our pursuit of excellence, we were listed Top 30, where we move up in ranking to the 11th place in 2008 as opposed to 15th in 2007 in The Edge's Top Property Developers Award based on Qualitative and Quantitative attributes.

*Dato' Sri Leong Hoy Kum (second from right) receiving The BrandLaureate Award 2008-2009 for Property from The BrandLaureate CEO Dr KK Johan, witnessed by former prime minister Tun Abdullah Badawi and The BrandLaureate Chairman Tan Sri Datuk Seri Dr Elyas Omar*

Mah Sing Group was named the Best Brand in the Property Category of The BrandLaureate 2008-2009 Awards. We are gratified for the acknowledgement which recognizes the Group's commitment to branding. This branding has been built upon promises kept to buyers, partners, investors and communities in which we conduct business.

The BrandLaureate during their earlier SMEs Chapter Awards 2008 also voted Mah Sing Properties as The Most Preferred Brand - Property, besides honouring Mah Sing Plastics Industries Sdn Bhd with the Best Brand, Corporate Branding, Manufacturing - Plastics award.

# CHAIRMAN'S STATEMENT
(CONT'D)

**AWARDS AND ACHIEVEMENTS (CONT'D)**

Besides being acknowledged in The BrandLaureate SMEs Chapter Awards 2008, the plastics division was also awarded the Best Practice Vendor Award by SEMA for achieving Level 7 of MSPI-BP 10 Factory Innovation.

For the third year running, the Group emerged winners in international awards. The Asia Pacific Property Awards 2009 in association with CNBC Arabia honoured the Group with Best Office Development, Malaysia for Southgate Commercial Centre, Kuala Lumpur and Best Mixed-Use Development, Malaysia for Aman Perdana, our flagship township in Meru-Shah Alam. Previously, we bagged the Best Property Malaysia award for Kemuning Residence's Garden Bungalow concept in the Asia Pacific Property Awards 2008 in association with CNBC and Best Development, Malaysia for Damansara Legenda in the International Property Awards 2007 in association with CNBC.

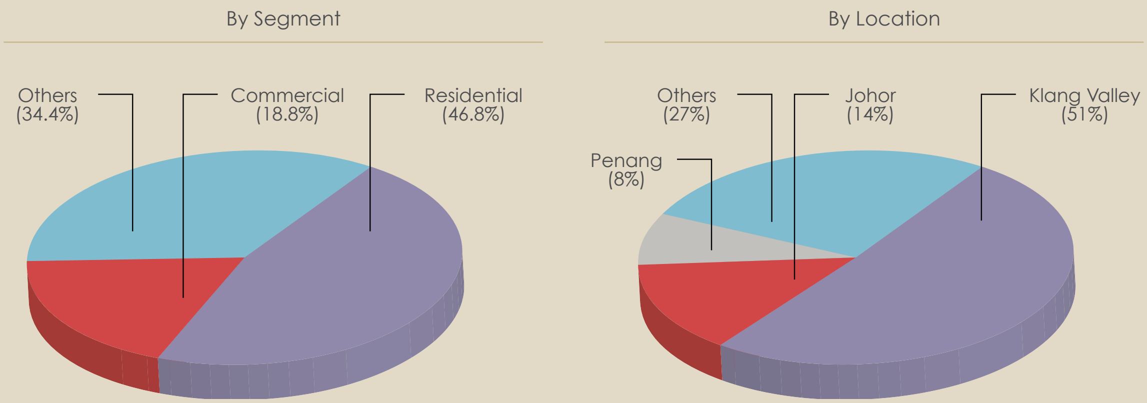
The Group won 3 categories in the Euromoney Liquid Real Estate Awards 2008 including top honours namely Best Developer Overall, Malaysia, Best Office/Business Developer, Malaysia and Best Mixed-Use Developer, Malaysia.

**FUTURE PROSPECTS**

Despite external pressures, Malaysia's property market held out relatively well in 2008. According to National Property Information Centre (NAPIC) in its Property Market Report 2008, transaction volume in 2008 grew by 9.9% year on year to 340,240 transactions, while transaction value rose by 14.5% to RM88.34 billion. Only new launches contracted, by approximately 7% in 2008. However, projects in good locations with interesting concepts and branding will still see launches coming up as attractive financing packages and a low interest regime has increased affordability level.

The segments in which Mah Sing is active in accounted for more than 65% of the total transaction values; residential segment accounted for 46.8% while the commercial segment accounted for 18.8% of the transaction values. In terms of locations, the Klang Valley, Johor and Penang where we have established our base accounted for more than 70% of the transaction values.

Property Transaction Value 2008




Total Transaction Value: RM88.34 billion

Source: NAPIC

Furthermore, there have been continued interest in houses priced beyond the RM500,000 mark. Within the RM500,000 to RM1 million mark, transaction volume grew by 10%. For homes priced above RM1 million, transaction volume grew by 33%. I believe this reflects the supply-demand gap for properties in this price range, especially when semi-detached homes and bungalows account for less than 10% of the residential property supply.

# CHAIRMAN'S STATEMENT
(CONT'D)

**FUTURE PROSPECTS (CONT'D)**

Property purchase is closely linked to sentiments and confidence levels. Whilst 2009 will be a challenging year weighted down by subdued consumer sentiments, we believe the property market should improve by early 2010 as the US economy should see signs of stabilization in 4Q09. The stock market is having a rally due to various favorable indicators and strong liquidity, and that will also generate some positive wealth effect.

We expect the medium to high-end landed property segment to continue to yield decent long term positive capital appreciation going forward due attractive financing packages and interest rates which are expected to stay low, thus increasing affordability of the buyers. Furthermore, there are limited investment options for good properties in prime locations. Properties are a good hedge against a downward cycle and can generate decent returns in the medium to long term.

At the same time, mass market housing with mainly link homes should also be popular; however, this would not be traditional plain vanilla designs. Even for link homes, buyers would demand lifestyle elements, practical product layouts and good concepts.

Commercial Grade A offices will still do well in Kuala Lumpur area because supply is trying to breach the demand gap over the last few years. Other commercial properties like retail and shops would need to have a good concept and be in prime locations which have good accessibility and good population catchment. It is important that the location is vibrant to ensure the retail portion of any commercial project can do well.

The Malaysian government via the RM7 billion economic stabilization plan and RM60 billion economic stimulus plan has placed strong focus on increasing domestic spending which will have high multiplier effects. They have also actively provided more incentives for developers and homebuyers to ensure that the housing industry remains resilient. Among the incentives include tax relief on interest paid on housing loans up to RM10,000 a year for 3 years, as well as reduction of contribution to EPF by 3% for 2 years, to create more disposable income. This together with Bank Negara's monetary policy of lowering interest rates to ensure continuous access to credit will effectively stimulate the economy.

Mah Sing has also been doing our part to ease the burden of property buyers by proactively coming up with our Easy Home Ownership campaign in January 2009. This campaign will ease the burdens for housebuyers by allowing them to pay a deposit as low as 5% and nothing else until completion, as well as absorb the legal fees for Sales and Purchase Agreement, loan documentation, and memorandum of transfer for selected properties by Mah Sing. We have done very well from the campaign. For the first quarter of 2009, we achieved RM170 million in sales, nearly a 50% increase compared to RM115 million in 1Q08. We will continue to come up with innovative marketing strategies to do our part as a caring developer to cater to the needs of the housebuyers in terms of housing and financing needs.

Other property players have also come up with their own measures, and the results were apparent as Bank Negara Malaysia's data showed loans approved for home purchases in March 2009 surged 49% from February 2009. The industry has shown signs of resiliency and incentives to buy property are more compelling now as the average mortgage rate is at its lowest level, derived from a Base Lending Rate (BLR) of 5.5% minus 1.5% to 2.4%. We are certainly well prepared to make the most of these favourable indicators.

**APPRECIATION**

On this note, I would like to take this opportunity to thank all customers, shareholders, business associates, the Government and the local authorities for their confidence and support throughout these years.

I would also like to extend a sincere appreciation to our employees for their invaluable service and underlying commitment in underpinning the Group's vision to become a global leader in the real estate industry.

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

# PLATINUM STATUS BUNGALOWS

**ONE LEGENDA**
This exclusive project features 26 units of 3-storey bungalows with an average land size of 8,000 sq ft and an approximate built up in excess of 6,000 sq ft. These bungalows will have a clean, modern design which makes an interesting contrast when juxtaposed against the rich heritage of the 130 million year old Hulu Langat Forest Reserve.
**Tel: +603 9221 6888**

# GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS

2008 was undoubtedly a challenging year, with political uncertainty and rising inflation affecting sentiments. Many developers delayed launches due to rising construction material cost and this was reflected by the 7% contraction in Malaysia's new launches in 2008. (Source: Property Market Report 2008 by National Property Information Centre [NAPIC]).

Mah Sing Group was one of very few developers which continued to consistently launch projects in 2008. We have tracked market and costing trends closely, and used proceeds of more than RM220 million from our corporate exercises in 2007 for working capital. We constructed ahead of schedule, thus locking in old material costs at some of our key projects like Aman Perdana, Hijauan Residence, Kemuning Residence and Sierra Perdana. This is essentially a build and sell concept.

Our quick turnaround business model meant that projects were self sustaining and generated healthy cash flow, which enabled us to provide prompt payments to contractors. Building on our long term partnerships, work on our sites progressed smoothly.

Our foresight provided us multiple benefits.

We were able to pass on our cost savings to buyers, giving our buyers an unbeatable value proposition.

We have a marketing edge as buyers would be able to view their completed or soon to be completed properties before signing on the dotted line. Nothing beats seeing the actual unit you commit to.

We were able to deliver quality properties on time or ahead of schedule, increasing buyer's confidence in us and solidifying our brand promise which is based on trust. Promises were fulfilled.

Of course, nobody can do all this alone, and I attribute our success today to our team members who are dedicated, skilled and loyal professionals who have stuck through thick and thin with the Group.

## COMMERCIAL DEVELOPMENTS

### The Icon Jalan Tun Razak, Kuala Lumpur

Sold enbloc to institutional investors in 2007 for RM430million, construction including the 4 iconic sail structures of The Icon Jalan Tun Razak was completed in the first quarter of 2009. Currently, the 20-storey Grade A office is on track for completion by the end of June 2009, as it is currently undergoing final architectural finishing and external works as well as the final stages of mechanical and electrical works. The project shall procure the CONQUAS certification (Construction Quality Assessment System) from Singapore. With approximately 500,000 square feet (sq.ft.) of net lettable area and a large floor plate of approximately 30,000 sq.ft., The Icon Jalan Tun Razak will be the first purpose built Grade A office building in the vicinity of KLCC to be completed in 2009.

### Southgate Commercial Centre, Kuala Lumpur

Southgate located at the southern gateway to Kuala Lumpur via Jalan Tun Razak is a lifestyle commercial development with retail units, shops and offices. The project is very visible, with more than 1 million passing traffic daily. It was recently named Best Office Development, Malaysia in the 2009 Asia Pacific Property Awards in association with CNBC Arabia. It comprises 5 blocks with a total of 599,000 sq.ft. of net lettable area. Three blocks (Vox, Vivo and Vertex) have been launched for investment on a strata basis and has chalked up approximately 90% sales. The other 2 blocks (Apex block with net salable area of approximately 90,000 sq.ft. and corporate block with net salable area of approximately 230,000 sq.ft.) are being kept for enbloc sale. Construction of the superstructure commenced in May 2009 and the project is on track to be completed by 2011.

# GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS
(CONT'D)

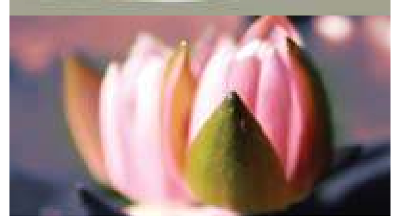
## COMMERCIAL DEVELOPMENTS

### StarParc Point, Setapak

StarParc Point, our latest project, is an integrated business hub featuring 3-storey shop offices and 6-storey retail offices. The 5-acre freehold land in Setapak directly opposite the upcoming Parkson Grand was purchased in November 2008. The location is very prime, a bustling residential and commercial hub with a surrounding catchment of close to 700,000 people within a 15-minute drive time. To quickly tap market needs and demands, the Group conducted a special preview in February 2009 and all the 24 units of 3-storey shop offices were registered within 2 hours. We plan to have the official launch in mid 2009.

## RESIDENTIAL DEVELOPMENTS
## KLANG VALLEY

### Aman Perdana, Meru-Shah Alam Growth Corridor



The mixed township development offering affordable luxury comprises more than 2,000 units of semi-detached homes and bungalows, as well as community shops. It was recently named Best Mixed-Use Development, Malaysia in the 2009 Asia Pacific Property Awards in association with CNBC Arabia. More than 650 families have moved into the project and each house is within walking distance to one of the 3 linear parks that dots the project. Established amenities like Tesco hypermarket, the upcoming Aeon Shopping Complex, shopping lots, banks and private specialist hospitals are just nearby. The planning layout ensures that all the houses have a North-South orientation with minimum units facing junctions. This green lung project which has been meticulously planned with an average of 8 units per acre has been well received, with approximately 98% sales take up from launched value. New launches to look forward to in 2009 would be the Academy Precinct 2-storey link semi-detached homes with indicative prices from RM428,800.  Buyers also have a selection of completed or soon to be completed properties at value pricing to choose from.

### Kemuning Residence, Shah Alam

This niche project comprising 150 garden bungalows and bungalows offers a unique proposition of landed serviced residences. Residents can enjoy concierge, shuttle, housekeeping and lifestyle services. All units are completed with certificate of fitness for occupancy (CFO), and available for preview before purchase. As at 31 December 2008, sales take up was 68% of launched value. This gated and guarded development offers multi-tier security, generous landscaping with linear parks, gardens and playground, and also a private clubhouse with swimming pool and gym facilities.

# GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS
(CONT'D)

**Hijauan Residence and One Legenda, Cheras**

A stone's throw away from the 130 million year old Hulu Langat Forest Reserve, Hijauan Residence has been master-planned with a tropical eco-park theme. The first phase of 120 units of linked semi-detached and semi-detached homes has been fully sold and completed, and CFO is expected in mid 2009. The second phase of 30 units of 2 and 3-storey garden bungalows with built up between 3,410 sq.ft. and 4,294 sq.ft. was launched in end March 2009, and 30% was taken up within a fortnight of launch. This will be the first phase of residential projects in Mah Sing's stable to undergo CONQUAS certification. Registration of interest for the third phase of garden villas with approximate built up of 6,000 sq.ft. will commence in the second half of 2009. Each of these phases will have their own guardhouse with CCTV, besides 24-hour patrol service. An exclusive clubhouse featuring a swimming pool with alfresco poolside deck, wading pool, function rooms and gymnasium will offer the ideal place for family and community gatherings.

The awareness campaign for the exclusive One Legenda project just 1km from Hijauan Residence will commence soon. The project features 26 units of 3-storey bungalows with an average land size of 8,000 sq.ft. and approximate built up in excess of 6,000 sq.ft.  These bungalows will have a clean, modern design which makes an interesting contrast when juxtaposed against the rich heritage of the forest reserve.

## PENANG ISLAND

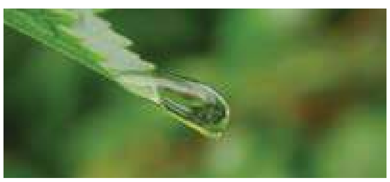
**Southbay, Batu Maung, Penang Island**
**Residence@Southbay**

Our persistency and confidence in our offering has allowed us to be a trendsetter in Penang Island, offering the first 3-storey super link homes in the Batu Maung area in more than 15 years. On the back of close to 3,000 registrants, the Group's private preview for this gated and guarded development in May 2009 saw very keen interest and stronger than expected take up. The 3 units of showhouses for Residence@Southbay were completed prior to the private preview, and potential buyers were able to appreciate the super link homes with land size from 22'x75' and built up from 3,130 sq,ft. An exclusive clubhouse surrounded by lush foliage is slated for completion by mid 2009.

Registration of interest for the 76 units of designer bungalows in Legenda@Southbay has commenced and the awareness campaign for the commercial portion, Southbay City, shall be initiated soon.

# GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS
(CONT'D)

## JOHOR BAHRU



### Sri Pulai Perdana 2, Skudai

Sri Pulai Perdana 2 with a Garden Resort Homes theme will enjoy gated and guarded security. This new 67-acre freehold project shall enjoy spillover demand from the matured Sri Pulai Perdana township less than 2km away. The show village has been completed and the project is slated for official launch in mid 2009. It will be our first lifestyle township to undergo CONQUAS certification. Besides children's playgrounds, we are also providing a clubhouse for residents which will have a swimming pool, gymnasium and barbeque pits to improve the exclusivity of the project. The clubhouse and open spaces sits on approximately 3 acres of dedicated land, and complements each other well so that residents can have better interaction and enjoy community living. Located in a prime location served by an integrated network of expressways and trunk roads, Sri Pulai Perdana 2 enjoys close proximity to all the conveniences of daily life. University Teknologi Malaysia, established schools, hypermarkets and the Pulai Springs resort are close by.

### Sierra Perdana, Tebrau-Plentong

Sierra Perdana was first launched in 2007 with an innovative adventure park living theme. As at 31 December 2008, sales take up was 91% of launched value. The project focuses on introducing new, contemporary facades and practical layouts for link homes, semi-detached homes and shops, and these can be seen in the show village boasting 14 furnished and basic show homes. The upgrading of the coastal highway which will cut through Sierra Perdana has reached an advanced stage and is visible from the site. When the new highway is ready, Sierra Perdana shall only be a few minutes to Permas Jaya and Johor Bahru city center.

### Austin Perdana, Tebrau

Fully gated and guarded with a Lake Park Living theme centering upon a 4-acre landscaped lake and numerous water features, Austin Perdana has become a much sought-after address in Johor Bahru. As at 31 December 2008, sales take up was 91% of launched value and the project has reached a matured stage. With a large population catchment of 500,000 and growing, the focus in 2009 shall be to launch Austin Centre Point, positioned as the most vibrant commercial hub in the booming Tebrau area.

# GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS
(CONT'D)

**PLASTICS**

Our plastics division Mah Sing Plastics Industries Sdn Bhd (MSPI) continued to be independent, self managing and profitable. In 2008, MSPI kicked off the Factory Innovation Project which is targeted to be completed in 3 phases by December 2009. The project is codenamed MSPI-BP 10 in line with the target of achieving Best Practice Company Level 10. Within 5 months, they achieved their target for the first phase.

Recognized as valued partners by their clients, they were awarded Best Practice Vendor Award 2008 and Best Practice Productivity Award Year 2008 by SEMA (Samsung Electronics (M) Sdn. Bhd). They were also honoured with The BrandLaureate SMEs Chapter Awards 2008 for brand excellence in the Corporate Branding – Best Brand in Manufacturing – Plastics category.

As part of their corporate social responsibility, MSPI sponsored 3 students from lower income families for a 10-month apprentice course in Plastic Injection Moulding. Besides providing a monthly living allowance, MSPI shall undertake to hire the students for a minimum of one year after completing the course. These apprentices should graduate by mid 2009.

**MOVING FORWARD**

We believe 2009 will continue to be a challenging year weighted down by subdued consumer sentiments despite our favourable demographics and a conducive lending environment. To overcome that, we shall step up our research to understand what the buyers want and need when planning our products and launches to ensure there is no product mismatch. We will continue to capitalize on our branding, product, location, quality, standard of design, customer service, concept and track record to sustain the momentum and deliver credible sales results for 2009.

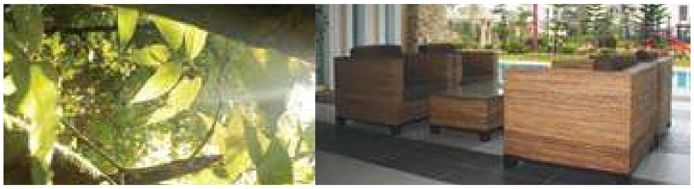
Furthermore, we will package all that with creative and strategic marketing initiatives like our Easy Home Ownership to ensure our buyers are able to buy their dream property which fits their financial requirements.

We have been developing lifestyle projects for a decade and today, we have 16 projects spread over Kuala Lumpur, Klang Valley, Penang Island and Johor Bahru. In terms of market segments, we have ventured from doing township developments in Johor Bahru to doing semi-detached and bungalows in the Klang Valley, and into commercial with Grade A office buildings, offices, shops, and retail. In Penang Island, we are introducing super-link homes, bungalows and commercial products. We shall continue value enhancement for our projects via concepts and themes, and also continue our efforts to attract investors in our investment grade offices.

We are confident that the key areas for growth in Malaysia will continue to be Kuala Lumpur, Klang Valley, Penang Island and Johor Bahru which accounts for more than 70% of property transaction value in 2008. These are the economic hotspots, with the best accessibility and amenities, and we shall continue our main focus here. Whilst continuing our cash generative fast turnaround business model for niche medium to high-end commercial and residential projects, we shall also look into large landbank for a potential mass housing project. We shall also continue to explore overseas opportunities in high population growth countries like Vietnam and China to bring our business to the next level.

By continuously building exceptional spaces, we are well on track to become a Regional, World Class Developer.

**DATO' SRI LEONG HOY KUM**
**Group Managing Director/Group Chief Executive**



# CORPORATE SOCIAL RESPONSIBILITY

We have been and will always be building for the community. And in doing so, we have well understood the co-existence of the correlation between the environment and the people. Mindful of our role as a good corporate citizen in the society, we have undertaken more corporate activities as proven in our previous corporate social responsibility (CSR) efforts in order to weave stronger ties in divisions such as charity, education and medical assistance.

The Group is constantly reciprocating by giving back to the society. Our role in the society extends beyond creating and nurturing CSR Programmes. It is via the Mah Sing Foundation that the Group has made its contributions for worthy causes. Supporting multiple charity projects, Mah Sing Foundation is yet another testament of the Group in its commitment of a caring organization.

### ABOUT MAH SING FOUNDATION

Founded by Mah Sing's Group Managing Director/Group Chief Executive, Dato' Sri Leong Hoy Kum himself, Mah Sing Foundation was formed as an effort to assist the underprivileged. Mah Sing Foundation was administered to receive funds via annual funding activities.

The Foundation focuses on 3 major areas encompassing medical assistance, education and charity. Assistance by the Foundation will be provided with the following guidelines:

- Medical assistance for fellow Malaysians who are suffering from critical illness, diseases or any form of disability.
- Education assistance in the form of donations and subsidies to qualified students.
- Relief schemes and financial assistance for the poor and distressed.
- Promote sporting and social activities to encourage unity amongst the community.

### MEDICAL ASSISTANCE

Mah Sing Foundation engages with non-governmental organizations with medical aid missions gathering donations for purchases of prosthesis, therapies to organizations and funding of dialysis treatments.

Forms of medical assistance were provided to:
- Pertubuhan Pesakit Parah Malaysia
- Pudu Rotary Club
- Sau Seng Lam Diabetic Care Center

### EDUCATION

More often than not, what constitutes a child's mind is via the teachings from their parents and schools. However, not all of us fall into the privileged category of being educated in a proper environment. Recognising the need to provide a good learning curve, the Foundation funded education projects to inject hope and opportunities for these children.

*Direct funding*
While funding resolves education woes, we also optimise our resources in order to attain measurable outcomes.

*Continuous learning*
One of the most effective ways of supporting and promoting importance of education is via encouragement of employee's continuous learning done through human resource policies.

In 2008, among the education fund projects which received aid from Mah Sing Foundation include IMU Education Sdn Bhd, Pudu Rotary Club and Persatuan Minda D'Home.

# CORPORATE SOCIAL RESPONSIBILITY
(CONT'D)



**CHARITY**

Delivering much needed assistance at the scene of natural disasters such as China's Sichuan Province Earthquake, it is one of the Foundations acts of selfless cooperation and dissemination to save lives. A total of RM200,000 was donated through Yayasan Nanyang Press.

In Mah Sing Foundations support for the charity, a total of RM15,000 was donated to Bursa Malaysia Kuala Lumpur Rat Race 2008, a run jointly organized by The Edge and Bursa Malaysia to raise fund for charity. Mah Sing Group Berhad was one of the 80 organisations who participated in the charity event.

The Foundation will continue to make a difference in the lives of the distressed and the needy by cooperating with leading national non-profit NGOs for charitable causes. Our future plans undertake measures from equipping the handicapped to better cope with their limitations to caring for neglected orphans as we strongly believe the vital role of charity work matters to create a better community living by ensuring actions are taken, hence alleviating sufferings.


| Date | Description |
|---|---|
| 16/01/2008 | IMU Education |
| 16/05/2008 | Pertubuhan Pesakit Barah Malaysia |
| 16/05/2008 | Persatuan Kebajikan Kanak-Kanak Istimewa Insan |
| 22/05/2008 | Yayasan Nanyang Press<br>(Relief for victims of China's Sichuan Province Earthquake) |
| 23/06/2008 | Yayasan Bursa Malaysia<br>(Rat Race: 15 Beneficiaries for charity) |
| 07/07/2008 | Pudu Rotary Club<br>(Education & Medical) |
| 15/07/2008 | IMU Education<br>(Education) |
| 31/07/2008 | Persatuan Minda D'Home |
| 04/12/2008 | Sau Seng Lam Diabetic Care Center |

# CALENDAR OF EVENTS

**JANUARY 2008**
Acquired 67 acres of freehold land for Sri Pulai Perdana 2.

**20 JANUARY 2008**
The beginning of the year kicked off with a Feng Shui Talk 2008 event. The talk was by famous feng shui Master Loh.

**27 JANUARY 2008**
A Marrybrown Colouring Contest was organized and among the highlights of the contest were Colouring Contest, Games and Mascot Appearances.

**17 FEBRUARY 2008**
Chap Goh Meh & the 3rd Treasure Blitz Monthly Draw was held. There were stunt shows, mask changing, clown magic show and lion dances at the event.

**14 – 16 MARCH 2008**
Held at the Penang International Sports Arena, this 3-day event called Penang International Property Expo 2008 (PIP 2008) showcased the Southbay project and Residence@ Southbay. Activities include property related talks and forums.

**22 & 23 MARCH 2008**
An Exclusive Preview of Residence@ Southbay was organized at Hotel Equatorial, Penang. The 2-day event saw a briefing on the developments concept by the Architect himself, a Question & Answer session with the Architect and a preview of 3D animation walkthrough of Residence@Southbay.

**23 MARCH 2008**
Costume Kid Photo Contest at Sierra Perdana Sales Office.

**APRIL 2008**
A Treasure Blitz Monthly Draw was held at Aman Perdana Show Village. Among the highlights of the event were dance performances, mingling of clowns and shortlisting of participants and Ice Sculpture. The event was held to draw names for a monthly tier.

**8 – 14 APRIL 2008**
A road show was held from the 8th – 14th April at Giant, Shah Alam.

**13 APRIL 2008**
An Inter-Dept Football Competition was held to spur the team spirit among staff from various departments. The event was held at Ventorian Field, Port Klang.

To aid employees in the usage of forklift, a Forklift Safety & Maintenance Care Training was organized in Mah Sing's office building.

**MAY 2008**
In order to commemorate Mother's Day, the Group held a Pre-Mother's Day Celebration at Aman Perdana Show Village. Floral arrangement was one of the activities organized.

In the same month, a manicure session was held at Aman Perdana Show Village to reward the well-deserving mothers.

**7 MAY 2008**
Factory visits by Dato' Sri Leong Hoy Kum and Representatives.

**10 MAY 2008**
A joint promotion was organized with CIMB at Kemuning Residence Show Village.

**18 MAY 2008**
To promote social interaction between staffs, a Badminton Competititon was held at Bandar Sultan Suleiman Court, Port Klang.

**24 MAY 2008**
A joint promotion with Maybank was held at Kemuning Residence Show Village.

Since Wesak Day fell on the 19th May, a Vegetarians Delight was held at Aman Perdana Show Village to celebrate Wesak the next day.

Treasure Blitz Final Monthly Draw was held at Aman Perdana Show Village where activities like dance performances, shortlisting of participants, a walking magician, caricature, fortune telling and Window Art for kids took place.

# CALENDAR OF EVENTS
(CONT'D)

**1 & 8 JUNE 2008**
It was a whimsical day for kids as they were educated on traffic rules & regulations during the fun filled traffic education for kids' event.

**7 JUNE 2008**
Organised by Sports Club, a Cricket Competition was opened to all foreign employees to encourage interaction among themselves.

**12 JULY 2008**
An all time fast food favourite among both adults and children, a McDonald's Event was held at Sierra Perdana Sales Office. Among the fun-filled activities took place include Free McDonald's Happy Meal for Showhouse Visitors and Purchasers and Free Finger Printing analysis for both children and adults.

**25 – 31 AUGUST 2008**
Roadshow at One Utama Shopping Centre, Old Wing.

**SEPTEMBER 2008**
During the Mid-Autumn Festival, a weekend event promotion was held. From lantern making competition for kids and family to free mooncakes for non-bumiputra showhouse visitors, the event was a sure delightful treat for those present.

**20 & 21 SEPTEMBER 2008**
In conjunction with Buka Puasa month, an appreciation dinner was organised for bumiputra purchasers coupled with entertainment from the late P. Ramlee movies and songs as part of the activities that night. As a token of appreciation, there were free 'pelita raya' for purchasers and visitors.

**19 OCTOBER 2008**
Majlis Malam Mesra Aidilfitri 2008 at Dewan Bandar Sultan Suleiman, Port Klang.

**16 NOVEMBER - 14 DECEMBER 2008**
During the School holidays, a Kids Creative Fun World was organized. Activities for the day include Pottery Demo & Painting, Origami, World of Magic, Dancing Kids and Little Photographers.

**22 NOVEMBER 2008**
Customers' Appreciation Night at Hotel Equatorial, Penang.

**29 NOVEMBER 2008**
MSPI Annual Dinner Year 2008 was held at Klang Executive Club, Klang. The dinner was held to appreciate all employees for their hard work throughout the year.

**14 DECEMBER 2008**
Nintendo Wii Computer Games & Holiday Memory Technique Mini Workshop.

**21 DECEMBER 2008**
To celebrate the season of giving, a Christmas Party was held at Aman Perdana Sales Gallery. Santa Clause walkabout, yo-yo demonstration, stage games and Q&A, ventriloquist with Uncle Alan, sand art were among some of the activities organised.

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Mah Sing Group Berhad ("Mah Sing" or "the Company") believes that good corporate governance practices are of importance to the success of Mah Sing Group ("the Group") and its drive for continuous growth.

The Board is committed to ensure the highest standard of corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities in protecting and enhancing shareholders' value and the financial performance of the Group. To this end, the Board fully supports the recommendations of the Malaysian Code on Corporate Governance ("the Code") and has taken appropriate steps to ensure compliance.

Set out below is a statement of how the Group has applied the principles of the Code and its compliance with best practices in the Code throughout the financial year ended 31 December 2008.

## A. BOARD OF DIRECTORS

### THE BOARD

The Board takes full responsibility for the performance of the Group and guides the Group on its short and long term goals, providing advice and devising strategies on management and business development issues.

The Board met four (4) times during the financial year. Besides Board meetings, the Board also exercises control on matters that require its approval by way of circular resolutions and informal meetings. Proceedings of the relevant meetings and the resolutions reached have been properly recorded and duly minuted.

The attendance of each Director at the Board meetings is as tabulated below:

| Name of Directors | Total Meeting Attended | Percentage of Attendance (%) |
|---|---|---|
| JEN. (R) TAN SRI YAACOB BIN MAT ZAIN | 4/4 | 100 |
| DATO' SRI LEONG HOY KUM | 4/4 | 100 |
| STEVEN NG POH SENG | 4/4 | 100 |
| LIM KIU HOCK | 4/4 | 100 |
| LEONG YUET MEI | 3/4 | 75 |
| CAPTAIN (RTD) IZAHAM BIN ABD. RANI | 4/4 | 100 |
| LOH KOK LEONG | 3/4 | 75 |

## BOARD BALANCE

The Board currently has seven (7) members of whom three (3) are Independent Non-Executive Directors (including the Chairman). A brief profile of each Director is presented on pages 11 to 12 of this Annual Report.

The Board constitutes an optimal size, based on the Group's current business profile, sufficient for effectively leading the Group on its current business growth thrust. All Board members bring a wide range of business experience, expertise and professional judgment to bear on issues of strategy, performance, resources and standards of conduct. Although all the Directors have equal responsibilities for the Group's operations, the role of the Independent Non-Executive Directors are particularly important in ensuring all issues proposed by the executive management are fully discussed and examined and take into account the long term interests, not only of the shareholders, but also of the employees, customers and business associates. To this effect, any concerns and queries relating to the Group may be conveyed to any of the Independent Non-Executive Directors.

There is a clear division of responsibilities between the Chairman and the Group Managing Director/Group Chief Executive to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and standard of conduct while the management of the Group's businesses and implementation of policies and day-to-day running of the businesses are handled by the Group Managing Director/Group Chief Executive and Executive Directors. The Independent Non-Executive Directors provide independent views to safeguard the interests of shareholders.

## SUPPLY OF INFORMATION

Sufficient notice of Board meetings is given and specific matters requiring Board's decision are included in the agenda.

During Board meetings, the Non-Executive Directors are briefed on changes in management and control structure of the Group, business outlook, major acquisition and disposal of assets including investments and changes in the requirements of regulatory bodies.

All Directors have access to the advice and services of the Company Secretaries and senior management.

The Directors, whether as a full Board or in their individual capacity have access to all information within the Group and may seek independent professional advice, where necessary, in the furtherance of their duties and they may do so at the Group's expense.

## APPOINTMENTS AND RE-ELECTION OF DIRECTORS TO THE BOARD

Appointments to the Board are made based on the recommendation of the Nomination Committee.

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election in the Annual General Meeting.

## DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Program prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Group acknowledges the fact that continuous education is vital for the Board to gain insight into the state of the economy, changing commercial risks, technological advances in our core businesses, latest regulatory requirements and management strategies. As such, the Directors are updated from time to time on relevant new laws and regulations or will attend relevant trainings and workshops, when necessary to equip themselves with the necessary knowledge to discharge their responsibilities and duties more effectively.

During the financial year ended 31 December 2008, the Directors have attended the following training programs and seminars:

- Prevention of Fraud and Anti-Money Laundering & Board Effectiveness
- Real Estate Leadership – Strategies for the 21st Century
- China – Malaysia Business Opportunities Focus
- FIABCI 19th National Real Estate Convention
- Forging Partnership between Korea & Malaysia Investment Opportunities in Jeju's Real Estate, Tourism, Education & Medical Industries
- The Genius of Warren Buffett by Robert Miles
- 2009 Malaysia Equity Market Outlook Seminar
- 2009 Budget Talk

## BOARD COMMITTEES

The Board has delegated specific responsibilities to four (4) board committees which include the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee. These Committees have the authorities to examine particular issues within their terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

### Audit Committee

The composition and terms of reference of the Audit Committee are set out separately in the Audit Committee Report on pages 38 to 41 of this Annual Report.

### Nomination Committee

**Composition**

The Nomination Committee comprises Non-Executive Directors, the majority of whom are Independent.

**Members**

**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**
Chairman (Independent Non-Executive)

**LEONG YUET MEI**
Director (Non-Independent Non-Executive)

**CAPTAIN (RTD) IZAHAM BIN ABD. RANI**
Director (Independent Non-Executive)

**Terms of Reference of Nomination Committee**

- to consider, in making its recommendation to the Board, candidates for all directorships/board committees including the position of Independent Non-Executive Director, in respect of their skills, knowledge, expertise, experience, professionalism and integrity; and in the case of Independent Non-Executive Directors, their abilities to discharge such responsibilities/ functions as expected from an Independent Non-Executive Director;

- to assist the Board in reviewing on an annual basis the required mix of skills and experience of the Directors of the Board/ Board Committees;

- to recommend the appropriate Board balance and size of non-executive participation; and

- to establish procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member including Independent Non-Executive Directors as well as the Group Managing Director/Group Chief Executive. The assessments and evaluations are properly documented.

**Remuneration Committee**

**Composition**

The majority of the Remuneration Committee consists of Non-Executive Directors.

**Members**

The members of the Remuneration Committee are:

**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**
Chairman (Independent Non-Executive)

**DATO' SRI LEONG HOY KUM**
Group Managing Director/Group Chief Executive

**LEONG YUET MEI**
Director (Non-Independent Non-Executive)

**Terms of Reference of Remuneration Committee:**

- to study and periodically review remuneration packages of all Executive Directors; and
- to make recommendations to the Board on all elements of remuneration and terms of employment for Executive Directors.

In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibilities undertaken by each Non-Executive Director.

Individual Directors do not participate in the decisions regarding their individual remuneration.

### The Level and Make-up of Remuneration

The remuneration of Executive Directors are so determined to ensure that the Group attracts and retains the Directors needed to run the Group successfully. In the case of Executive Directors, the remuneration is structured so as to link rewards to corporate and individual performance. Survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration package.

### Disclosure on Directors' Remuneration

For the financial year ended 31 December 2008, the number of Directors whose total remuneration falls into the bands as stated below:

| Remuneration Band (RM) | Number of Executive Directors | Number of Non-Executive Directors |
|---|---|---|
| Up to 50,000 | - | 3 |
| 50,001 to 100,000 | - | 1 |
| 800,001 to 850,000 | 1 | - |
| 1,150,001 to 1,200,000 | 1 | - |
| 1,850,001 to 1,900,000 | 1 | - |
| Total | 3 | 4 |

The aggregate remuneration of the Directors categorized into appropriate components:

| | Fees (RM) | Salaries (RM) | Bonus (RM) | EPF (RM) | Benefits-in-kind (RM) | Total 2008 Remuneration (RM) | Total 2007 Remuneration (RM) |
|---|---|---|---|---|---|---|---|
| Executive Directors | - | 1,710,000 | 1,665,500 | 405,060 | 98,400 | 3,878,960 | 2,599,174 |
| Non-Executive Directors | 150,000 | - | - | - | 18,300 | 168,300 | 168,300 |
| Total | 150,000 | 1,710,000 | 1,665,500 | 405,060 | 116,700 | 4,047,260 | 2,767,474 |

### Option Committee

The Option Committee was established to administer the implementation of the Employees' Share Option Scheme ("ESOS") and is vested with such powers and duties as are conferred upon it by the Board and the By-Laws of the ESOS. In addition, the Option Committee may, for the purpose of administering the ESOS, make rules and regulations or impose terms and conditions which the Option Committee may in its discretion consider to be necessary or desirable for giving full effects to the ESOS.

#### Members

The members of the Option Committee are:

**JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**
Chairman (Independent Non-Executive)

**DATO' SRI LEONG HOY KUM**
Group Managing Director/Group Chief Executive

**LOH KOK LEONG**
Director (Independent Non-Executive)

## B. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognizes the importance of effective communication and proper dissemination of information to its shareholders and investors.

In this respect, the Company has an established Corporate Communications and Investor Relations Department. The department organizes briefings and site visits as well as participate in investment road shows with research analysts, fund managers and financiers. Key spokesperson(s) for the Group include the Group Managing Director/Group Chief Executive and/or Executive Directors to explain the Group's strategies, performance and major developments. The department arranges one on one interviews and press conferences with key media to inform the wider public about the Group's corporate actions, strategies and products. During the financial year, the Company participated in six (6) road shows and held a-hundred-forty-five (145) meetings with investment research analysts and fund managers.

In addition, the Group made timely releases of quarterly interim and full year audited financial results, Annual Reports and announcements to Bursa Securities, providing valuable insight on the latest developments of the Group.

For the latest information on the Group, shareholders, investors and members of the public may access the Group's website at www.mahsing.com.my and Bursa Securities' website at www.bursamalaysia.com.my.

### Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. It provides shareholders with an opportunity to seek clarification on the Group's business and performance.

## C. ACCOUNTABILITY AND AUDIT

### Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of unaudited consolidated results to shareholders, the Directors have taken reasonable steps to ensure a balanced and understandable assessment of the Group's financial position and prospects. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

### Internal Control

The Directors' Statement on the Group's Internal Control is set out on pages 42 and 43 of this Annual Report.

### Relationship with Auditors

The Group maintains a transparent relationship with the External Auditors in seeking the professional advice and towards ensuring compliance with accounting standards. The Group Internal Auditor was present at the Audit Committee meetings while the External Auditors were invited to participate and brief the Audit Committee on specific issues at the Audit Committee meetings.

## D. DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring the financial statements of the Group and of the Company are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act, 1965; and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Board of Directors is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2008, the Group has adopted the appropriate accounting policies and applied them consistently; and that all applicable approved accounting standards have been followed.

## E. ADDITIONAL COMPLIANCE INFORMATION

### Options, Warrants or Convertible Securities

The Company did not issue any convertible securities during the financial year.

The details of movement of warrants and ESOS during the financial year are as disclosed in Note 25 on pages 105 to 111 of the financial statements.

### Non-audit Fees Paid/Payable

For the financial year ended 31 December 2008, the amount of non-audit fees paid/payable to the External Auditors and their affiliates amounted to RM35,950.

# CORPORATE GOVERNANCE STATEMENT
(CONT'D)

**Material Contracts Involving Directors' and Major Shareholders' Interests**

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

**Recurrent Related Party Transactions**

The existing shareholders' mandate for the Group to enter into recurrent related party transactions of revenue or trading nature ("Shareholders' Mandate") which is necessary for its day-to-day operations shall expire at the conclusion of the forthcoming Annual General Meeting and is subject to renewal by the shareholders at the said Annual General Meeting.

The aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year is as disclosed in Note 39 on page 131 of the financial statements.

**Share Buybacks**

The existing authority for Mah Sing to purchase up to 10% of its issued and paid-up share capital shall expire at the conclusion of the forthcoming Annual General Meeting and is subject to renewal by the shareholders at the said Annual General Meeting.

During the financial year, there were no share buybacks by the Company.

**Revaluation of Landed Properties**

The Company does not have a revaluation policy on landed properties.

Details on revaluation of landed properties by the Directors in prior year are as disclosed in Note 15 on page 91 of the financial statements.

**Status of Utilization of Proceeds Raised from Corporate Exercises**

The status of utilization of proceeds raised from the corporate exercises involving Private Placement and Rights Issue which were completed in the previous financial year have been fully utilized as at the financial year ended 31 December 2008 as follows:

| | Proceeds Raised RM'000 | Utilized as at 31 December 2008 RM'000 | Balance RM'000 |
|---|---|---|---|
| Working capital | 219,216 | 219,216 | - |
| Incidental expenses | 2,590 | 2,590 | - |
| | 221,806 | 221,806 | - |

# AUDIT COMMITTEE REPORT

## COMPOSITION

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. One (1) of the Audit Committee members is a member of an accounting association or body as disclosed in Directors' Profile on page 12 of this Annual Report.

The Audit Committee convened four (4) meetings during the financial year which were attended by the members as tabulated below:

| Name of Members | Attendance at Meetings |
|---|---|
| **JEN. (R) TAN SRI YAACOB BIN MAT ZAIN**<br>Chairman (Independent Non-Executive Director) | 4/4 |
| **CAPTAIN (RTD) IZAHAM BIN ABD. RANI**<br>Independent Non-Executive Director | 4/4 |
| **LOH KOK LEONG**<br>Independent Non-Executive Director | 3/4 |
| **STEVEN NG POH SENG**<br>Executive Director | 1/1* |

* Mr Steven Ng Poh Seng resigned as the Audit Committee member on 28 February 2008 in compliance with the Listing Requirements of Bursa Securities which require all the Audit Committee members to be Non-Executive Directors.

The Group Internal Auditor and External Auditors have attended all the meetings.

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority being Independent Directors. At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by Bursa Securities.

The Chairman of the Audit Committee shall be an Independent Director appointed by the Board.

### RETIREMENT AND RESIGNATION

If a member of the Audit Committee resigns, retires or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

### REVIEW OF THE AUDIT COMMITTEE

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance to their terms of reference.

# AUDIT COMMITTEE REPORT
(CONT'D)

## MEETINGS AND MINUTES

In assisting the Board to effectively discharge its fiduciary responsibilities for corporate governance, timely & accurate financial reporting and development of sound internal control, Audit Committee meetings which shall be held preferably not less than four (4) times a year will normally be attended by the Department Head charged with the responsibility of the Group's financial reporting and the Group Internal Auditor. The presence of External Auditors for a meeting will be requested if required.

The Chairman of the Audit Committee would engage on a continuous basis with senior management such as the Group Managing Director/Group Chief Executive and the Executive Directors in order to be kept informed of matters affecting the Group. Attendance of other Directors and employees at any particular Audit Committee meeting will be at the invitation of the Audit Committee.

A quorum shall consist of two (2) members and the majority of the members present must be Independent Directors.

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Audit Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee members and to the other members of the Board.

## AUTHORITY

The Audit Committee is authorized by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the Internal and External Auditors and to all employees of the Group. The Audit Committee is also authorized by the Board to obtain external legal or other independent professional advice as necessary.

The Audit Committee is also authorized to convene meeting with the External Auditors, Internal Auditors or both, without the presence of the executive members of the Board of Directors and other employees, at least two (2) times a year.

## DUTIES

The duties of the Audit Committee shall be:

**Oversee all matters relating to external audit:**

- discuss with the External Auditors where necessary, the nature and scope of the audit and ensure coordination of audit where more than one audit firm is involved;
- discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss;
- review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's response;
- consider the nomination & appointment of the External Auditors as well as their audit fee;
- consider any letter of resignation of External Auditors and any questions of resignation and dismissal; and
- review the assistance given by the employees of the Group to the External Auditors.

**Review of reports by the Chairmen of the Risk Management Teams in relation to the adequacy and integrity of the Group's internal control systems**

**Oversee all matters relating to internal audit:**

- to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- to review the internal audit plan;
- to ensure coordination of external audit with internal audit;
- to consider major findings of internal audit reviews an management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any assessment of the performance of the staff of the internal audit function;
- to approve any appointment or termination of senior staff members of the internal audit function; and
- to keep itself informed of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/her reasons for resigning.

**Review of financial statements:**

To review the quarterly and year-end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- significant adjustments arising from the audit;
- going concern assumption;
- compliance with the applicable approved accounting standards and regulatory requirements; and
- compliance with the Listing Requirements of Bursa Securities and other legal requirements.

**Additional duties and responsibilities:**

- to consider any related party transactions and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity.They are also required to ensure that the Directors report related party transactions annually to shareholders via the Annual Report;
- where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Audit Committee must promptly report such matter to Bursa Securities; and
- to carry out such other responsibilities, functions or assignment as may be defined jointly by the Audit Committee and the Board from time to time.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR

During the financial year, the Audit Committee carried out its duties as set out in the terms of reference and discussed the following issues:

- reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement of Internal Control pursuant to the Listing Requirements of Bursa Securities;

# AUDIT COMMITTEE REPORT
(CONT'D)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR (CONT'D)

- reviewed the Risk Management Teams' reports on the risk profile of the Group and the adequacy and integrity of internal control systems to manage these risks;
- reviewed with the External Auditors the audit plan and to ensure coordination of audit of the various companies within the Group with different External Auditors;
- reviewed with the External Auditors any significant findings in relation to audits;
- considered and recommended to the Board for approval of the audit fees payable to the External Auditors;
- reviewed the internal audit plan and internal audit reports and considered the major findings of internal audit reviews and management's response;
- reviewed and discussed the internal audit function, its authorities, resources and scope of work;
- reviewed related party transactions entered into by the Group and the draft proposal to seek shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities to authorize the Group to enter into recurrent related party transaction of a revenue or trading nature;
- reviewed quarterly financial results and year end financial statements of the Group before recommending them to the Board for their approval for announcement to Bursa Securities; and
- had two (2) sessions of discussions with the Group Internal Auditor together with External Auditors without the presence of the executive members of the Board and other employees.

## STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS") BY THE COMMITTEE

During the financial year under review, there was no allocation of options under the ESOS of the Company.

## SUMMARY OF ACTIVITIES OF THE GROUP'S INTERNAL AUDIT FUNCTION FOR THE FINANCIAL YEAR

The Group's Internal Audit function is undertaken by the Group Internal Audit Department.

The Group Internal Audit Department which reports to the Audit Committee undertakes independent, regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. Internal audit plans are approved by the Audit Committee. The Group Internal Audit Department adopts a risk-based approach in planning the audit assignments taking into consideration industry specific requirements.

The Group Internal Audit Department also performs independent evaluation on the operation of enterprise risk management framework focusing primarily on the adequacy and effectiveness of the said framework.

During the financial year, independent audit reviews on the appropriateness of the instituted controls and evaluation of the acceptable level of principal risk exposures were conducted in relation to the Group's operations and information systems as follows:

- reliability of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with policies, procedures, laws & regulations and contracts.

At the conclusion of the various audits, weaknesses together with the recommended corrective actions were highlighted to the management. There were no material losses incurred during the current financial year as a result of the weaknesses in the internal control and management is proactive in strengthening the internal control environment. Follow-up audit reviews were conducted to ensure that corrective actions are being implemented accordingly.

# STATEMENT OF INTERNAL CONTROL

## THE BOARD'S RESPONSIBILITY

The Board of Directors affirms its overall responsibility for the Group's systems of internal controls and risk management and for reviewing the adequacy and integrity of those systems. The Board of Directors ensures the effectiveness of financial, organizational, operational and compliance controls through regular reviews.

It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and as such, can provide only reasonable and not absolute assurance against material misstatement or loss.

## THE RISK MANAGEMENT PROCESS

The Board of Directors confirms that the Group has in place an Enterprise Risk Management Framework for the on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the financial year under review. This process is regularly reviewed by the Board of Directors and is in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The key aspects of the risk management process are:

- The Risk Management Teams comprising management staff of the property and plastics divisions as well as the Corporate Office are charged with the responsibilities of continuous monitoring and management of the risks of the Group;

- Risk Management Workshops are conducted to identify, assess and manage the risks faced by the Group based on the likelihood of occurrence and magnitude of impact and also to assist management in identifying procedures or steps to be taken to manage or control these risks;

- The key risks identified in the Risk Management Workshops together with the controls for managing them and the management action plans to be implemented are summarized in the Key Risk Profiles and Risk Registers, serving as the means for assuring the Audit Committee that the processes are effective. Independent compliance reviews are carried out by the Group Internal Audit function on a continuous basis to ensure the controls for managing risks are functioning effectively; and

- The Audit Committee upon receiving reports from Group Internal Auditors shall review and monitor the effectiveness of the Group's systems of internal controls before onward submission to the Board of Directors for endorsement.

## THE INTERNAL CONTROL PROCESS

The key elements of the Group's internal control system are:

- Operational structure with defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability;

- Standard operating policies and procedures are in place and are regularly updated to reflect changing risks or to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by Group Internal Audit function to the Board of Directors via the Audit Committee;

- Key functions such as business development, human resources, finance, tax, treasury, insurance, secretarial and legal matters are centralized at the head office;

# STATEMENT OF INTERNAL CONTROL
(CONT'D)

**THE INTERNAL CONTROL PROCESS (CONT'D)**

- Detailed budgeting process is established requiring all business units to prepare budget and business plan on an annual basis. The Board of Directors reviews and approves the annual budget and business plan;
- Effective reporting systems which expose significant variances against budget and plan are in place to monitor performance. Key variances are followed up by the management and management action is taken, where necessary and reported to senior management on a monthly basis. The Group Managing Director/Group Chief Executive meets on a monthly basis with all divisional heads to consider the Group's financial performance, business developments, management and corporate issues;
- Regular visits to the operating units by the members of the Board and senior management;
- An on-going training and educational program for Directors and relevant staff in assessing the adequacy and integrity of the Group's risks and control process;
- The professionalism and competency of staff are being emphasized through continuous training and regular performance evaluation; and
- Group Internal Audit independently reviews the internal controls to provide the Audit Committee with sufficient assurance that the systems of internal controls are effective in addressing the risks identified. On a quarterly basis, Group Internal Audit submits reports and plans for review and approval by the Audit Committee.

# DIRECTORS' REPORT

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

## PRINCIPAL ACTIVITIES

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

## RESULTS

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

| | **The Group RM'000** | **The Company RM'000** |
|---|---|---|
| Profit attributable to equity holders of the Company | **93,168** | **3,684** |

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

## DIVIDENDS

On 18 August 2008, the Company paid a first and final gross dividend of 16% on ordinary shares, less income tax of 26%, amounting to RM37,057,206 in respect of the financial year ended 31 December 2007 as approved by the shareholders at the last Annual General Meeting.

The Directors have proposed a first and final gross dividend of 16% on ordinary shares, less income tax of 25%, amounting to RM37,610,735, 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 2009.

## RESERVES AND PROVISIONS

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

# DIRECTORS' REPORT
(CONT'D)

## SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM310,670,715 to RM313,422,791 by way of:

(a) issuance of 4,546,539 new ordinary shares of RM0.50 each at an exercise price of RM0.50 per ordinary share pursuant to the exercise of Warrants 2004/2009 ("Warrants"); and

(b) issuance of 957,614 new ordinary shares of RM0.50 each at an exercise price of RM0.77 per ordinary share pursuant to the exercise of share options under the Company's Employees' Share Option Scheme.

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

The related share premium arising from the aforementioned share issues amounting to RM258,556 has been credited to the share premium account during the financial year.

## WARRANTS 2004/2009

The Warrants are constituted by a Deed Poll dated 2 April 2004 ("Deed Poll").

The salient features of the Warrants 2004/2009 are as follows:

(a) The issue date of the Warrants is 7 June 2004 and the expiry date is 6 June 2009. 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 RM0.50 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 in 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.

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

| **(Unit '000)** | **Entitlement for ordinary shares of RM0.50 each** | | | |
|---|---|---|---|---|
| | **Balance at 1.1.2008** | **Issued** | **Exercised** | **Balance at 31.12.2008** |
| Number of unexercised Warrants | 7,921 | - | (4,547) | 3,374 |

## EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") which is governed by the ESOS By-Laws ("By-Laws") and was approved by the shareholders at the Extraordinary General Meeting held on 8 March 2004.

The salient features of the ESOS are as follows:

(a) The ESOS was implemented on 12 July 2004, and shall be in force for a period of 5 years ("Initial Period"), subject however to any extension or renewal, at the discretion of the Option Committee, provided that the Initial Period and such extended period shall not in aggregate exceed a period of 10 years;

(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 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 comprising 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 the general meeting;

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

(e) In the event that a share buy-back exercise of the Company results in the number of options that have been offered under the ESOS exceeding 10% of the issued capital of the Company, there shall be no granting of additional options at any point in time after the share buy-back, unless the number of options that have been granted under the ESOS falls below 10% of the issued 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, 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 Options; and

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

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

| **(Unit '000)** | | **Number of options over ordinary shares of RM0.50 each** | | | |
|---|---|---|---|---|---|
| **Offer Date** | **Exercise price per ordinary share** | **Balance at 1.1.2008** | **Granted** | **Exercised** | **Balance at 31.12.2008** |
| 9 June 2006 | RM0.77 | 1,337 | - | (958) | 379 |

**OTHER STATUTORY INFORMATION**

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

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

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

## DIRECTORS

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

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

Jen. (R) Tan Sri Yaacob bin Mat Zain who is over the age of 70 years retires pursuant to Section 129(2) of the Companies Act, 1965, and a resolution will be proposed for his re-appointment as a Director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

In accordance with Article 102 of the Company's Articles of Association, Lim Kiu Hock and Loh Kok Leong retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

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

(a) Shares in the Company

| **(Unit '000)** | **Number of ordinary shares of RM0.50 each** | | | |
|---|---|---|---|---|
| | **Balance at 1.1.2008** | **Acquired** | **Sold** | **Balance at 31.12.2008** |
| **Direct interest** | | | | |
| Dato' Sri Leong Hoy Kum | 10,652 | 3,090 | (13,742) | - |
| Ng Poh Seng | 6 | - | (6) | - |
| **Indirect interest** | | | | |
| Jen. (R) Tan Sri Yaacob bin Mat Zain | 21 | - | - | 21 |
| Dato' Sri Leong Hoy Kum | 239,096 | 147 | (14,258) | 224,985 |
| Leong Yuet Mei | 131 | - | - | 131 |

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

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## DIRECTORS' INTERESTS (CONT'D)

(b) Share options in the Company

| (Unit '000) | Number of options over ordinary shares of RM0.50 each | | | |
|---|---|---|---|---|
| | Balance at 1.1.2008 | Granted | Exercised | Balance at 31.12.2008 |
| **Direct interest** | | | | |
| Dato' Sri Leong Hoy Kum | 515 | - | (515) | - |
| **Indirect interest** | | | | |
| Dato' Sri Leong Hoy Kum | 54 | - | (54) | - |

(c) Warrants in the Company

| (Unit '000) | Number of Warrants for share of RM0.50 each | | | |
|---|---|---|---|---|
| | Balance at 1.1.2008 | Acquired | Exercised | Balance at 31.12.2008 |
| **Direct interest** | | | | |
| Dato' Sri Leong Hoy Kum | 2,575 | - | (2,575) | - |
| **Indirect interest** | | | | |
| Dato' Sri Leong Hoy Kum | 93 | - | (93) | - |

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

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the fees, other emoluments and benefits-in-kind as shown in Note 39 to the Financial Statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for those benefits which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business by the Company and its subsidiary companies with the companies in which the Directors are deemed to have substantial financial interests as disclosed in Note 39 to the Financial Statements.

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

# DIRECTORS' REPORT
(CONT'D)

**AUDITORS**

The auditors, Messrs Deloitte KassimChan, have expressed their willingness to continue in office.

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

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

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

Kuala Lumpur
24 February 2009

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAH SING GROUP BERHAD



**Report on the Financial Statements**

We have audited the financial statements of **MAH SING GROUP BERHAD**, which comprise the balance sheets of the Group and of the Company as of 31 December 2008, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 136.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

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

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

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

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standard Board approved accounting standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flow for the financial year then ended.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAH SING GROUP BERHAD
(CONT'D)

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

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

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

**TEOH WUEY SZE**
**Partner – 2831/01/10 (J)**
**Chartered Accountant**

Petaling Jaya
24 February 2009

# INCOME STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Revenue | 6 | **651,639** | 573,365 | **17,774** | 280,764 |
| Cost of sales | 7 | **(435,127)** | (388,053) | **-** | - |
| Gross profit | | **216,512** | 185,312 | **17,774** | 280,764 |
| Other operating income | | **2,860** | 1,441 | **-** | - |
| Selling and marketing expenses | | **(31,844)** | (17,740) | **-** | - |
| Administrative expenses | | **(48,930)** | (46,019) | **(10,380)** | (6,555) |
| Interest income | 10 | **1,718** | 1,306 | **-** | - |
| Finance costs | 11 | **(4,310)** | (6,595) | **(2,309)** | (2,969) |
| Profit before tax | 8 | **136,006** | 117,705 | **5,085** | 271,240 |
| Income tax expense | 12 | **(43,058)** | (35,447) | **(1,401)** | (73,241) |
| Profit for the financial year | | **92,948** | 82,258 | **3,684** | 197,999 |
| **Attributable to:** | | | | | |
| Equity holders of the Company | | **93,168** | 81,126 | | |
| Minority interests | | **(220)** | 1,132 | | |
| | | **92,948** | 82,258 | | |
| Earnings per ordinary share (sen): | | | | | |
| - Basic | 13 (a) | **14.94** | 14.82 | | |
| - Diluted | 13 (b) | **14.83** | 14.09 | | |
| Gross dividend on ordinary share (%) | | | | | |
| - Proposed | 14 | **16** | 16 | **16** | 16 |

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

# BALANCE SHEETS
## AS OF 31 DECEMBER 2008

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **ASSETS** | | | | | |
| **Non-current Assets** | | | | | |
| Property, plant and equipment | 15 | **59,458** | 53,907 | **725** | 194 |
| Prepaid lease payments | 16 | **5,330** | 5,542 | **-** | - |
| Land held for property development | 21 | **47,099** | - | **-** | - |
| Intangible assets | 17 | **12** | 20 | **-** | - |
| Investment in subsidiaries | 18 | **-** | - | **66,608** | 61,718 |
| Investment in associates | 19 | **-** | 26 | **-** | 26 |
| Deferred tax assets | 30 | **700** | - | **-** | - |
| Other investment | 20 | **1** | 1 | **-** | - |
| **Total Non-current Assets** | | **112,600** | 59,496 | **67,333** | 61,938 |
| **Current Assets** | | | | | |
| Property development costs | 21 | **624,626** | 569,325 | **-** | - |
| Inventories | 22 | **31,769** | 43,018 | **-** | - |
| Trade and other receivables | 23 | **249,562** | 225,178 | **496,701** | 464,742 |
| Current tax assets | | **8,720** | 9,380 | **1,459** | 2,224 |
| Deposits, cash and bank balances | 24 | **172,236** | 203,727 | **121,023** | 154,312 |
| **Total Current Assets** | | **1,086,913** | 1,050,628 | **619,183** | 621,278 |
| **TOTAL ASSETS** | | **1,199,513** | 1,110,124 | **686,516** | 683,216 |

# BALANCE SHEETS
AS OF 31 DECEMBER 2008
(CONT'D)

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Share capital | 25 | **313,423** | 310,671 | **313,423** | 310,671 |
| Reserves | 26 | **139,329** | 138,423 | **134,237** | 134,167 |
| Retained earnings | 27 | **237,523** | 181,223 | **134,815** | 167,999 |
| Equity attributable to equity holders of the Company | | **690,275** | 630,317 | **582,475** | 612,837 |
| Minority interests | | **6,335** | 5,455 | **-** | - |
| **Total Equity** | | **696,610** | 635,772 | **582,475** | 612,837 |
| **Non-current Liabilities** | | | | | |
| Term loans - non-current portion | 28 | **181,929** | 142,984 | **24,850** | 35,185 |
| Long-term and deferred payables | 29 | **2,776** | 52,576 | **-** | - |
| Deferred tax liabilities | 30 | **618** | 7 | **110** | - |
| **Total Non-current Liabilities** | | **185,323** | 195,567 | **24,960** | 35,185 |
| **Current Liabilities** | | | | | |
| Trade and other payables | 31 | **265,188** | 258,850 | **75,384** | 34,608 |
| Term loans - current portion | 28 | **35,012** | 6,125 | **3,697** | 586 |
| Short-term borrowings | 32 | **2,117** | 7,832 | **-** | - |
| Bank overdrafts | 33 | **29** | 385 | **-** | - |
| Current tax liabilities | | **15,234** | 5,593 | **-** | - |
| **Total Current Liabilities** | | **317,580** | 278,785 | **79,081** | 35,194 |
| **Total Liabilities** | | **502,903** | 474,352 | **104,041** | 70,379 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,199,513** | 1,110,124 | **686,516** | 683,216 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

| | Note | Share capital RM'000 | Non-distributable reserves<br>Share premium RM'000 | Non-distributable reserves<br>Equity-settled employees benefit reserve RM'000 | Non-distributable reserves<br>Exchange fluctuation reserve RM'000 | Distributable reserves - Retained earnings RM'000 | Attributable to equity holders of the Company RM'000 | Minority interests RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2008** | | **310,671** | **133,908** | **259** | **4,256** | **181,223** | **630,317** | **5,455** | **635,772** |
| Currency translation differences - recognised directly in equity | | **-** | **-** | **-** | **836** | **-** | **836** | **290** | **1,126** |
| Profit for the financial year | | **-** | **-** | **-** | **-** | **93,168** | **93,168** | **(220)** | **92,948** |
| Total recognised income and expense for the financial year | | **-** | **-** | **-** | **836** | **93,168** | **94,004** | **70** | **94,074** |
| Dividends | 14 | **-** | **-** | **-** | **-** | **(37,057)** | **(37,057)** | **-** | **(37,057)** |
| Issuance of shares by subsidiaries to minority interests | | **-** | **-** | **-** | **-** | **-** | **-** | **810** | **810** |
| Issuance of shares of the Company pursuant to: | 25 | | | | | | | | |
| - Warrants exercised | | **2,273** | **-** | **-** | **-** | **-** | **2,273** | **-** | **2,273** |
| - ESOS exercised | | **479** | **259** | **-** | **-** | **-** | **738** | **-** | **738** |
| Reclassification of reserves arising from ESOS exercised | | **-** | **-** | **(189)** | **-** | **189** | **-** | **-** | **-** |
| **At 31 December 2008** | | **313,423** | **134,167** | **70** | **5,092** | **237,523** | **690,275** | **6,335** | **696,610** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008
(CONT'D)

| | | | Non-distributable reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RM'000 | Share premium RM'000 | Equity-settled employees benefit reserve RM'000 | Exchange fluctuation reserve RM'000 | Distributable reserves - Retained earnings RM'000 | Attributable to equity holders of the Company RM'000 | Minority interests RM'000 | Total RM'000 |
| **At 1 January 2007** | | 152,044 | 31,104 | 1,243 | 5,092 | 126,294 | 315,777 | 4,522 | 320,299 |
| Currency translation differences - recognised directly in equity | | - | - | - | (836) | - | (836) | (289) | (1,125) |
| Profit for the financial year | | - | - | - | - | 81,126 | 81,126 | 1,132 | 82,258 |
| Total recognised income and expense for the financial year | | - | - | - | (836) | 81,126 | 80,290 | 843 | 81,133 |
| Dividends | 14 | - | - | - | - | (27,181) | (27,181) | - | (27,181) |
| Issuance of shares by subsidiaries to minority interests | | - | - | - | - | - | - | 90 | 90 |
| Issuance of shares of the Company pursuant to: | 25 | | | | | | | | |
| - Warrants exercised | | 38,483 | - | - | - | - | 38,483 | - | 38,483 |
| - ESOS exercised | | 2,350 | 1,268 | - | - | - | 3,618 | - | 3,618 |
| - Private placement | | 15,200 | 37,424 | - | - | - | 52,624 | - | 52,624 |
| - Rights issue | | 51,267 | 117,915 | - | - | - | 169,182 | - | 169,182 |
| - Bonus issue | | 51,327 | (51,327) | - | - | - | - | - | - |
| Reclassification of reserves arising from ESOS exercised/cancelled | | - | - | (984) | - | 984 | - | - | - |
| Expenses for issuance of equity securities | | - | (2,476) | - | - | - | (2,476) | - | (2,476) |
| **At 31 December 2007** | | 310,671 | 133,908 | 259 | 4,256 | 181,223 | 630,317 | 5,455 | 635,772 |

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

# COMPANY STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

| | Note | Share capital RM'000 | Non-distributable reserves: Share premium RM'000 | Non-distributable reserves: Equity-settled employees benefit reserve RM'000 | Distributable reserves - Retained earnings RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2008** | | **310,671** | **133,908** | **259** | **167,999** | **612,837** |
| Total recognised income and expense for the financial year: | | | | | | |
| Profit for the financial year | | - | - | - | **3,684** | **3,684** |
| Dividends | 14 | - | - | - | **(37,057)** | **(37,057)** |
| Issuance of shares of the Company pursuant to: | 25 | | | | | |
| - Warrants exercised | | **2,273** | - | - | - | **2,273** |
| - ESOS exercised | | **479** | **259** | - | - | **738** |
| Reclassification of reserves arising from ESOS exercised | | - | - | **(189)** | **189** | - |
| **At 31 December 2008** | | **313,423** | **134,167** | **70** | **134,815** | **582,475** |

# COMPANY STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

| | Note | Share capital RM'000 | Non-distributable reserves Share premium RM'000 | Non-distributable reserves Equity-settled employees benefit reserve RM'000 | Distributable reserves - Retained earnings/ (accumulated loss) RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2007** | | 152,044 | 31,104 | 1,243 | (3,803) | 180,588 |
| Total recognised income and expense for the financial year: | | | | | | |
| Profit for the financial year | | - | - | - | 197,999 | 197,999 |
| Dividends | 14 | - | - | - | (27,181) | (27,181) |
| Issuance of shares of the Company pursuant to: | 25 | | | | | |
| - Warrants exercised | | 38,483 | - | - | - | 38,483 |
| - ESOS exercised | | 2,350 | 1,268 | - | - | 3,618 |
| - Private placement | | 15,200 | 37,424 | - | - | 52,624 |
| - Rights issue | | 51,267 | 117,915 | - | - | 169,182 |
| - Bonus issue | | 51,327 | (51,327) | - | - | - |
| Reclassification of reserves arising from ESOS exercised/cancelled | | - | - | (984) | 984 | - |
| Expenses for issuance of equity securities | | - | (2,476) | - | - | (2,476) |
| **At 31 December 2007** | | 310,671 | 133,908 | 259 | 167,999 | 612,837 |

# CASH FLOW STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax | **136,006** | 117,705 | **5,085** | 271,240 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | **8,661** | 8,042 | **34** | 26 |
| Amortisation of prepaid lease payments | **342** | 348 | **-** | - |
| Amortisation of license fee | **8** | 8 | **-** | - |
| Gain on disposal of property, plant and equipment | **(6)** | (69) | **-** | - |
| Net reversal of impairment loss of property, plant and equipment | **(62)** | (211) | **-** | - |
| Impairment loss of investment in associates | **26** | - | **26** | - |
| Property, plant and equipment written off | **84** | 127 | **-** | - |
| (Allowance for doubtful debts no longer required)/Allowance for doubtful debts | **(37)** | 2,256 | **-** | - |
| Bad debts written off | **-** | 4 | **5** | - |
| Allowance for slow-moving inventories no longer required | **(89)** | (245) | **-** | - |
| Allowance for inventories | **500** | - | **-** | - |
| Finance costs | **12,569** | 13,354 | **2,309** | 2,969 |
| Interest income | **(5,527)** | (4,971) | **(7,762)** | (6,752) |
| Gross dividend income from subsidiaries | **-** | - | **(10,000)** | (274,000) |
| Property development costs written off | **513** | - | **-** | - |
| Provision for defined retirement benefit obligations | **288** | 251 | **-** | - |
| Unrealised foreign exchange (gain)/loss | **(542)** | 40 | **-** | - |
| Operating Profit/(Loss) Before Working Capital Changes | **152,734** | 136,639 | **(10,303)** | (6,517) |

# CASH FLOW STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **Changes in Working Capital** | | | | |
| Increase in property development costs | **(113,263)** | (132,219) | **-** | - |
| Decrease/(Increase) in inventories | **11,088** | (26,812) | **-** | - |
| Decrease/(Increase) in receivables | **22,308** | (60,875) | **245** | 44 |
| (Decrease)/Increase in payables | **(38,317)** | 37,863 | **1,465** | 203 |
| Net Changes in Working Capital | **(118,184)** | (182,043) | **1,710** | 247 |
| Cash Generated From/(Used In) Operations | **34,550** | (45,404) | **(8,593)** | (6,270) |
| Interest received | **3,678** | 3,436 | **3,678** | 3,436 |
| Interest paid | **(12,791)** | (13,341) | **(2,050)** | (2,572) |
| Tax refund | **2,075** | - | **2,075** | - |
| Income tax paid | **(34,930)** | (47,643) | **-** | - |
| Net Cash Used In Operating Activities | **(7,418)** | (102,952) | **(4,890)** | (5,406) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Subscription of shares in subsidiaries | **-** | - | **(4,890)** | (5,210) |
| Dividends received | **-** | - | **7,400** | 28,835 |
| Net advances to subsidiaries | **-** | - | **10,794** | (105,687) |
| Interest received from deposits with licensed banks | **476** | 373 | **-** | - |
| Payment for land held for property development | **(47,099)** | - | **-** | - |
| Payment for property, plant and equipment* | **(8,423)** | (5,084) | **(433)** | (54) |
| Proceeds from disposal of property, plant and equipment | **78** | 89 | **-** | - |
| Net Cash (Used In)/Generated From Investing Activities | **(54,968)** | (4,622) | **12,871** | (82,116) |

# CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008
(CONT'D)

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from short-term borrowings | **43,345** | 40,617 | **-** | - |
| Repayment of short-term borrowings | **(49,158)** | (55,119) | **-** | (6,193) |
| Proceeds from term loans | **135,377** | 129,643 | **-** | 21,700 |
| Repayment of term loans | **(66,755)** | (78,332) | **(7,224)** | (16,446) |
| Placement of deposits with licensed bank Escrow Accounts | **(8,912)** | (2,279) | **-** | - |
| Deposits withdrawn from/(pledged with) licensed bank | **41** | (640) | **-** | - |
| Dividend paid | **(37,057)** | (27,181) | **(37,057)** | (27,181) |
| Proceeds from Private Placement | **-** | 52,624 | **-** | 52,624 |
| Proceeds from Rights Issue | **-** | 169,182 | **-** | 169,182 |
| Proceeds from Warrants exercised | **2,273** | 38,483 | **2,273** | 38,483 |
| Proceeds from ESOS exercised | **738** | 3,618 | **738** | 3,618 |
| Proceeds from issuance of shares by subsidiaries to minority interests | **810** | 90 | **-** | - |
| Incidental costs for corporate exercise | **-** | (2,476) | **-** | (2,476) |
| Advances from minority shareholders of subsidiaries | **4,174** | - | **-** | - |
| Repayment of hire purchase and finance lease liabilities | **(2,505)** | (2,616) | **-** | - |
| Net Cash Generated From/(Used In) Financing Activities | **22,371** | 265,614 | **(41,270)** | 233,311 |

# CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008
(CONT'D)

| | Note | The Group 2008 RM'000 | The Group 2007 RM'000 | The Company 2008 RM'000 | The Company 2007 RM'000 |
|---|---|---|---|---|---|
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(40,015)** | 158,040 | **(33,289)** | 145,789 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR** | | **200,358** | 42,305 | **154,312** | 8,523 |
| **CURRENCY TRANSLATION DIFFERENCES** | | **9** | 13 | **-** | - |
| **CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR** | 34 | **160,352** | 200,358 | **121,023** | 154,312 |

Note:
* Net cash outlay for the acquisition of property, plant and equipment during the financial year is as follows:

| | The Group 2008 RM'000 | The Group 2007 RM'000 | The Company 2008 RM'000 | The Company 2007 RM'000 |
|---|---|---|---|---|
| Total acquisition (Note 15) | **13,395** | 10,799 | **565** | 54 |
| Less: Amount payable for acquisition of property, plant and equipment | **(3,258)** | (3,233) | **(132)** | - |
| Less: Amount financed by hire purchase and finance lease | **(1,261)** | (2,184) | **-** | - |
| Less: Deposit paid in previous year | **(4,136)** | (298) | **-** | - |
| Add: Cash paid in respect of previous year's acquisition | **3,683** | - | **-** | - |
| Net cash outlay for the financial year | **8,423** | 5,084 | **433** | 54 |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

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

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

The financial statements of the Group and of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of Directors on 24 February 2009.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

### (a) Adoption of Revised FRSs and Issues Committee ("IC") Interpretations

During the financial year, the Group and the Company adopted the following revised FRSs and IC Interpretations issued by the MASB that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008:

**Revised FRSs and IC Interpretations**

| | |
|---|---|
| FRS 107 | Cash Flow Statements |
| FRS 112 | Income Taxes |
| FRS 118 | Revenue |
| Amendment to FRS 121 | The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation |
| FRS 134 | Interim Financial Reporting |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| IC Interpretation 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| IC Interpretation 8 | Scope of FRS 2 |

The adoption of the above FRSs and IC Interpretations does not have significant financial impact on the financial statements of the Group and of the Company for the current and previous financial years.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (b) FRSs and IC Interpretations Issued but Not Effective

At the date of authorisation of issue of the Financial Statements of the Group and of the Company, the following FRSs and IC Interpretations were in issue but not yet effective:

| | |
|---|---|
| FRS 4 | Insurance Contracts** |
| FRS 7 | Financial Instruments: Disclosures** |
| FRS 8 | Operating Segments* |
| FRS 139 | Financial Instruments: Recognition and Measurement ** |
| IC Interpretation 9 | Reassessment of Embedded Derivatives** |
| IC Interpretation 10 | Interim Financial Reporting and Impairment** |

* Effective for annual periods beginning on or after 1 July 2009
** Effective for annual periods beginning on or after 1 January 2010

Save for FRS 139, the directors anticipated that the adoption of these FRSs and IC Interpretations will have no material financial effect on the financial statements of the Group and of the Company.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the significant Group accounting policies.

### Economic Entities in The Group

### (a) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting except for certain subsidiaries acquired prior to 1 January 2002 which have been consolidated using the merger method (as disclosed in Note 18) in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Merger", the generally accepted accounting principles prevailing at that time.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Economic Entities in The Group (Cont'd)

#### (a) Subsidiaries (Cont'd)

The Group has taken advantage of the exemption provided by FRS $122_{2004}$ and FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year.

Under the purchase method, the difference between the fair value of the cost of acquisition of subsidiary companies and the Group's share of the fair value of the identifiable net assets of subsidiaries acquired is included in the consolidated financial statements as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiaries acquired, the difference is recognised directly in the income statements.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The gain or loss on disposal of a subsidiary of the Group is the difference between net disposal proceeds and the Group's share of its net assets with any unamortised balance of goodwill on consolidation.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. Minority interest is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Acquisition of subsidiary companies that meets the criteria for merger accounting is accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of the shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred, if any, is treated as merger reserve. The results of these subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Economic Entities in The Group (Cont'd)**

**(b) Associated companies**

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

Investment in associated company is stated at cost in the Company's financial statements. The Group's investment in associated company is accounted for under the equity method of accounting based on the latest audited and/or the management financial statements of the associated company made up to 31 December 2008. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. The carrying amount of such investment is reduced to recognise any decline, other than a temporary decline, in the value of the investment.

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

**Foreign Currencies**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

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

**(c) Group companies**

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Revenue Recognition

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

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

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

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

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

### Income Tax

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Property, Plant and Equipment and Depreciation**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial year in which they are incurred.

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

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

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

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Finance Leases – For Lessee**

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

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

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

**Operating Leases – For Lessee**

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

**Prepaid Lease Payments**

Leasehold land that has an indefinite economic life and title that is not expected to pass to the Group by the end of the lease period is classified as operating lease. The up front payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised.

Where the leasehold land had been previously revalued, the Group retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed under the transitional provisions of FRS 117. Certain leasehold land of a subsidiary company was last revalued in 1992. As allowed by the transitional provision of FRS 117, the prepaid lease payments at valuation are stated on the basis of its 1992 valuation and the said valuation has not been updated.

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

| | |
|---|---|
| Short term leasehold land | 26 to 30 years |
| Long term leasehold land | 95 years |

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Intangible Assets**

**(a) Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**(b) License fee**

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

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

**Investments**

Investments in subsidiary and associated companies are shown at cost in the Company's financial statements. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

Other investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than a temporary decline in the value of an investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

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

**Property Development Activities**

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Property Development Activities (Cont'd)**

**(b) Property development costs**

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

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

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

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

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

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

**Impairment of Non-Financial Assets**

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

The impairment loss is charged to the income statements 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 the income statements, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

CORE FACTS MESSAGES COMMUNITY ACTIVITY GOVERNANCE FINANCIALS NOTICES FORM OF PROXY

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**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.

**Receivables**

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

**Borrowing Costs**

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

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

All other borrowing costs are recognised as finance costs in the income statements in the financial year in which they are incurred.

**Provisions**

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

**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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Employee Benefits

**(i) Short-term benefits**

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

**(ii) Defined contribution plan**

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

**(iii) Defined benefit plan**

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

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

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

The Group operates an ESOS plan for the employees of the Group as set out in Note 25. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statements over the vesting periods of the grant with a corresponding increase in equity.

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Share Capital

**(a) Classification**

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liabilities according to the economic substance of the particular instrument.

**(b) Share issue costs**

Transaction costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(c) Dividends to shareholders of the Company**

Dividends are recognised as a liability in the period in which they are declared.

### Cash and Cash Equivalents

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

### Fair Value Estimation for Disclosure Purposes

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of quoted investments is based on its quoted market price at the balance sheet date. For current financial assets and liabilities, the carrying amounts are assumed to approximate their fair values because of the short maturity of these instruments. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

### Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distiguishable component of an entity that is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economics environment.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

## 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 balance sheet date, that have a significant risk of a causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

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

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

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk.

The Group have 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.

The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

### Foreign currency risk

The Group is exposed to foreign exchange rate risk as certain transactions are entered into by subsidiaries in currencies other than their functional currency. The Company's foreign subsidiary enters into a cross currency swap contract to protect the Group from movements in exchange rates and interest rates by establishing the rates at which a foreign currency liability will be settled.

The said foreign subsidiary has an outstanding cross currency swap transaction contract with a foreign bank with termination date in October 2009 and June 2010.

At 31 December 2008, the loan balance in foreign currency, the contractual foreign exchange rates and the contractual interest rates were as follows:

| Hedged item | Currency to be paid | RM'000 equivalent | Contractual rate Forex rates | Contractual rate Interest rates |
|---|---|---|---|---|
| Borrowing: | | | | |
| USD 206,725 | Indonesian Rupiah | 719 | 1 USD = Rp9,070 | 10.85% |
| USD 653,577 | Indonesian Rupiah | 2,275 | 1 USD = Rp9,295 | 13.30% |

### Interest rate risk

The Group enters into various interest rate risk management transactions, including using a combination of fixed and floating rate loans to manage net interest rates within a predictable and desired range.

The cross currency swap contract of the foreign subsidiary entitles it to pay interest at fixed rates on notional principal amounts. The foreign subsidiary agreed to receive interest rate equal to SIBOR plus certain margin on the USD amount and pay interest rate of 10.85% and 13.30% respectively on Rupiah amount.

### Market risk

The Group has in place policies to manage the Group's exposure to fluctuation in the prices of the key raw materials used in the operations through close monitoring and buying ahead in anticipation of significant price increase, where necessary.

For sales to key Original Equipment Manufacturing customers, the Group establishes a floating raw material pricing mechanism in determining the selling price where changes in raw material component prices beyond a certain range are passed on to customers.

For property development, the Group is actively sourcing for new development land in prime locations to increase its development land bank. Properties developed by the Group range from affordable homes to high-end products depending on the location of the development project and the profile of its target market.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

**Credit risk**

The Group is exposed to credit risk mainly from its customer base, including trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. Trade receivables are monitored on an ongoing basis by the Group's credit control department.

**Liquidity risk**

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.

**Cash flow risk**

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

## 6. REVENUE

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Property development revenue | **501,939** | 443,214 | **-** | - |
| Sale of goods | **145,723** | 126,318 | **-** | - |
| Gross dividend income from subsidiary companies | **-** | - | **10,000** | 274,000 |
| Interest income on: | | | | |
| - bank deposits | **3,809** | 3,665 | **3,809** | 3,665 |
| - advances to subsidiaries | **-** | - | **3,953** | 3,087 |
| Rental income | **168** | 168 | **-** | - |
| Management fees from a subsidiary company | **-** | - | **12** | 12 |
| | **651,639** | 573,365 | **17,774** | 280,764 |

## 7. COST OF SALES

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **RM'000** | RM'000 |
| Property development costs | **296,875** | 279,383 |
| Cost of goods sold | **128,030** | 108,670 |
| Cost of completed properties sold | **10,222** | - |
| | **435,127** | 388,053 |

Included in cost of goods sold are the following:

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **RM'000** | RM'000 |
| Raw materials and consumables used | **94,956** | 83,960 |
| Changes in inventories of finished goods and work-in-progress | **1,795** | 1,996 |
| | **96,751** | 85,956 |

## 8. PROFIT BEFORE TAX

| | Note | The Group 2008 RM'000 | The Group 2007 RM'000 | The Company 2008 RM'000 | The Company 2007 RM'000 |
|---|---|---|---|---|---|
| **Profit before tax is arrived at after charging:** | | | | | |
| Auditors' remuneration: | | | | | |
| - current financial year | | **230** | 220 | **25** | 17 |
| - under/(over) provision in prior years | | **8** | (3) | **8** | (3) |
| - non-audit fee | | **7** | 9 | **5** | 5 |
| Property, plant and equipment: | | | | | |
| - depreciation | 15 | **8,661** | 8,042 | **34** | 26 |
| - written-off | | **84** | 127 | **-** | - |
| Allowance for doubtful debts: | | | | | |
| - non-trade | 23 | **-** | 2,351 | **-** | - |
| Bad debts written off | | **-** | 4 | **5** | - |
| Amortisation of license fee | 17 | **8** | 8 | **-** | - |
| Amortisation of prepaid lease payments | 16 | **342** | 348 | **-** | - |
| Impairment loss of investment in associates | 19 | **26** | - | **26** | - |
| Rental of buildings | | **704** | 471 | **-** | - |
| Allowance for inventories | 22 | **500** | - | **-** | - |
| Property development costs written off | 21 | **513** | - | **-** | - |
| Net loss on foreign exchange: | | | | | |
| - unrealised | | **-** | 40 | **-** | - |
| - realised | | **2,334** | 181 | **-** | - |
| Interest expenses in development costs | | **8,259** | 6,759 | **-** | - |

## 8. PROFIT BEFORE TAX (CONT'D)

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **Profit before tax is arrived at after crediting:** | | | | | |
| Gain on disposal of property, plant and equipment | | **6** | 69 | **-** | - |
| Allowance for doubtful debts no longer required: | | | | | |
| - trade receivables | 23 | **37** | 95 | **-** | - |
| Allowance for slow-moving inventories no longer required | 22 | **89** | 245 | **-** | - |
| Unrealised gain on foreign exchange | | **542** | - | **-** | - |
| Reversal of impairment losses of property, plant and equipment | 15 | **62** | 211 | **-** | - |
| Rental income from letting of premises * | | **26** | 200 | **-** | - |

* Excluding those classified as revenue in Note 6.

## 9. STAFF COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Wages, salaries and bonus | **32,935** | 31,045 | **6,976** | 3,946 |
| Employees Provident Fund contributions and social security costs | **4,053** | 3,083 | **927** | 383 |
| Short term accumulating compensated absences | **220** | 378 | **37** | 81 |
| Pension costs - defined benefit plan (Note 41) | **288** | 251 | **-** | - |
| Other staff related expenses | **3,619** | 3,649 | **30** | 15 |
| | **41,115** | 38,406 | **7,970** | 4,425 |

Included in staff costs are directors' remuneration of the Group and of the Company respectively as further disclosed in Note 39.

## 10. INTEREST INCOME

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Interest on bank deposits | **91** | 14 |
| Interest on Project Accounts | **385** | 359 |
| Interest on late payment from property buyers | **1,242** | 933 |
| | **1,718** | 1,306 |

## 11. FINANCE COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Interest expenses on: | | | | |
| - term loans | **12,524** | 11,861 | **2,309** | 2,721 |
| - bank overdrafts | **31** | 298 | **-** | 8 |
| - hire purchase | **441** | 470 | **-** | - |
| - other borrowings | **371** | 1,109 | **-** | 240 |
| | **13,367** | 13,738 | **2,309** | 2,969 |
| Less: Interest capitalised in development properties (Note 21) | **(9,057)** | (7,143) | **-** | - |
| | **4,310** | 6,595 | **2,309** | 2,969 |

## 12. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Current tax expense: | | | | |
| - Local | **40,126** | 34,325 | **1,650** | 84,645 |
| - Foreign | **442** | 595 | **-** | - |
| - Under/(Over) provision in prior years | **2,579** | 2,063 | **(359)** | (739) |
| Deferred taxation (Note 30): | | | | |
| Current financial year | **(89)** | (1,536) | **110** | (10,665) |
| | **43,058** | 35,447 | **1,401** | 73,241 |

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 | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Profit before tax | **136,006** | 117,705 | **5,085** | 271,240 |
| Tax at Malaysian statutory tax rate of 26% (2007 : 27%) | **35,361** | 31,780 | **1,322** | 73,235 |
| Tax effects of: | | | | |
| Expenses not deductible for tax purposes | **2,581** | 1,385 | **438** | 745 |
| Lower tax rate for small and medium companies | **(148)** | (221) | **-** | - |
| Effect of different tax rates in other jurisdictions | **62** | 123 | **-** | - |
| Utilisation of deferred tax assets not previously recognised | **(222)** | - | **-** | - |
| Deferred tax assets not recognised | **3,553** | 317 | **-** | - |
| Reinvestment allowance recognised | **(708)** | - | **-** | - |
| Under/(Over) provision in prior years | **2,579** | 2,063 | **(359)** | (739) |
| Tax expense for the financial year | **43,058** | 35,447 | **1,401** | 73,241 |

## 13. 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 for the financial year divided by the weighted average number of ordinary shares in issue during the financial year as follows:

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| Profit attributable to equity holders of the Company (RM'000) | **93,168** | 81,126 |
| Weighted average number of ordinary shares in issue (Unit'000) | **623,730** | 547,387 |
| Basic earnings per ordinary share (sen) | **14.94** | 14.82 |

### (b) Diluted

The diluted earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the ESOS and Warrants adjusted for the number of such shares that would have been issued at fair value as follows:

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| Profit attributable to equity holders of the Company (RM'000) | **93,168** | 81,126 |
| Weighted average number of ordinary shares in issue (Unit'000) | **623,730** | 547,387 |
| Weighted average number of ordinary shares deemed issued at no consideration (Unit'000): | | |
| - Warrants | **4,085** | 25,997 |
| - ESOS | **410** | 2,448 |
| Diluted weighted average number of shares (Unit'000) | **628,225** | 575,832 |
| Diluted earnings per ordinary share (sen) | **14.83** | 14.09 |

## 14. DIVIDEND PAID/PROPOSED

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **RM'000** | RM'000 |
| In respect of financial year ended 31 December 2006 | | |
| - first and final dividend of 12% on ordinary shares less 27% income tax paid on 17 August 2007 | **-** | 27,181 |
| In respect of financial year ended 31 December 2007 | | |
| - first and final dividend of 16% on ordinary shares less 26% income tax paid on 18 August 2008 | **37,057** | - |
| | **37,057** | 27,181 |

The Directors have proposed a first and final gross dividend of 16% on ordinary shares, less income tax of 25%, amounting to RM37,610,735, 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 2009.

## 15. PROPERTY, PLANT AND EQUIPMENT

| 2008 | At Cost/ Valuation | At Cost | | | | |
|---|---|---|---|---|---|---|
| The Group | Buildings RM'000 | Renovations RM'000 | Plant, machinery and factory equipment RM'000 | Motor vehicles RM'000 | Furniture, fittings and office equipment RM'000 | Total RM'000 |
| **Cost/valuation** | | | | | | |
| At 1 January | 35,027 | 983 | 90,103 | 7,323 | 7,739 | 141,175 |
| Currency translation differences | 490 | - | 2,123 | 34 | 41 | 2,688 |
| Additions | 589 | 165 | 10,701 | 945 | 995 | 13,395 |
| Disposals | - | - | - | (196) | (92) | (288) |
| Written off | - | (68) | (8) | - | (62) | (138) |
| At 31 December | 36,106 | 1,080 | 102,919 | 8,106 | 8,621 | 156,832 |
| **Accumulated depreciation** | | | | | | |
| At 1 January | 14,419 | 172 | 64,627 | 3,333 | 4,587 | 87,138 |
| Currency translation differences | 178 | - | 1,543 | 27 | 29 | 1,777 |
| Charge for the financial year | 1,437 | 94 | 5,574 | 982 | 574 | 8,661 |
| Disposals | - | - | - | (146) | (70) | (216) |
| Written off | - | (8) | (7) | - | (39) | (54) |
| At 31 December | 16,034 | 258 | 71,737 | 4,196 | 5,081 | 97,306 |
| **Accumulated impairment loss** | | | | | | |
| At 1 January | - | - | 130 | - | - | 130 |
| Reversal for the financial year | - | - | (62) | - | - | (62) |
| At 31 December | - | - | 68 | - | - | 68 |
| **Net book value** | | | | | | |
| At 31 December 2008 | 20,072 | 822 | 31,114 | 3,910 | 3,540 | 59,458 |

**15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

| 2007 | At Cost/ Valuation | At Cost | | | | |
|---|---|---|---|---|---|---|
| **The Group** | **Buildings RM'000** | **Renovations RM'000** | **Plant, machinery and factory equipment RM'000** | **Motor vehicles RM'000** | **Furniture, fittings and office equipment RM'000** | **Total RM'000** |
| **Cost/valuation** | | | | | | |
| At 1 January | 34,919 | 613 | 86,997 | 5,179 | 7,316 | 135,024 |
| Currency translation differences | (565) | - | (2,391) | (42) | (44) | (3,042) |
| Additions | 688 | 482 | 6,661 | 2,475 | 493 | 10,799 |
| Disposals | (15) | - | (1,164) | (289) | - | (1,468) |
| Written off | - | (112) | - | - | (26) | (138) |
| At 31 December | 35,027 | 983 | 90,103 | 7,323 | 7,739 | 141,175 |
| **Accumulated depreciation** | | | | | | |
| At 1 January | 13,121 | 92 | 62,485 | 2,812 | 4,014 | 82,524 |
| Currency translation differences | (179) | - | (1,728) | (34) | (28) | (1,969) |
| Charge for the financial year | 1,480 | 88 | 5,026 | 844 | 604 | 8,042 |
| Disposals | (3) | - | (1,156) | (289) | - | (1,448) |
| Written off | - | (8) | - | - | (3) | (11) |
| At 31 December | 14,419 | 172 | 64,627 | 3,333 | 4,587 | 87,138 |
| **Accumulated impairment loss** | | | | | | |
| At 1 January | - | - | 341 | - | - | 341 |
| Reversal for the financial year | - | - | (211) | - | - | (211) |
| At 31 December | - | - | 130 | - | - | 130 |
| **Net book value** | | | | | | |
| At 31 December 2007 | 20,608 | 811 | 25,346 | 3,990 | 3,152 | 53,907 |

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Analysis of buildings

| 2008 | At Valuation | At Cost | | |
|---|---|---|---|---|
| The Group | Leasehold buildings RM'000 | Leasehold buildings RM'000 | Freehold buildings RM'000 | Total buildings RM'000 |
| **Cost/valuation** | | | | |
| At 1 January | 6,297 | 19,479 | 9,251 | 35,027 |
| Currency translation differences | - | 490 | - | 490 |
| Additions | - | 165 | 424 | 589 |
| At 31 December | 6,297 | 20,134 | 9,675 | 36,106 |
| **Accumulated depreciation** | | | | |
| At 1 January | 3,589 | 7,070 | 3,760 | 14,419 |
| Currency translation differences | - | 178 | - | 178 |
| Charge for the financial year | 239 | 921 | 277 | 1,437 |
| At 31 December | 3,828 | 8,169 | 4,037 | 16,034 |
| **Net book value** | | | | |
| At 31 December 2008 | 2,469 | 11,965 | 5,638 | 20,072 |

**15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

**Analysis of buildings (Cont'd)**

| 2007 | At Valuation | At Cost | | |
|---|---|---|---|---|
| **The Group** | **Leasehold buildings RM'000** | **Leasehold buildings RM'000** | **Freehold buildings RM'000** | **Total buildings RM'000** |
| **Cost/valuation** | | | | |
| At 1 January | 6,297 | 19,410 | 9,212 | 34,919 |
| Currency translation differences | - | (565) | - | (565) |
| Additions | - | 649 | 39 | 688 |
| Disposal | - | (15) | - | (15) |
| At 31 December | 6,297 | 19,479 | 9,251 | 35,027 |
| **Accumulated depreciation** | | | | |
| At 1 January | 3,350 | 6,343 | 3,428 | 13,121 |
| Currency translation differences | - | (179) | - | (179) |
| Charge for the financial year | 239 | 909 | 332 | 1,480 |
| Disposal | - | (3) | - | (3) |
| At 31 December | 3,589 | 7,070 | 3,760 | 14,419 |
| **Net book value** | | | | |
| At 31 December 2007 | 2,708 | 12,409 | 5,491 | 20,608 |

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**2008**

| The Company | Furniture and fittings RM'000 | Office equipment RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January | **40** | **312** | **352** |
| Additions | **3** | **562** | **565** |
| At 31 December | **43** | **874** | **917** |
| **Accumulated depreciation** | | | |
| At 1 January | **4** | **154** | **158** |
| Charge for the financial year | **4** | **30** | **34** |
| At 31 December | **8** | **184** | **192** |
| **Net book value** | | | |
| At 31 December 2008 | **35** | **690** | **725** |

2007

| The Company | Furniture and fittings RM'000 | Office equipment RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January | 6 | 292 | 298 |
| Additions | 34 | 20 | 54 |
| At 31 December | 40 | 312 | 352 |
| **Accumulated depreciation** | | | |
| At 1 January | 1 | 131 | 132 |
| Charge for the financial year | 3 | 23 | 26 |
| At 31 December | 4 | 154 | 158 |
| **Net book value** | | | |
| At 31 December 2007 | 36 | 158 | 194 |

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Valuation

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

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

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| **Net book value** | | |
| Leasehold buildings | **1,358** | 1,489 |

### Assets with restricted title

At the balance sheet date, the net book values of property, plant and equipment of the Group pledged to financial institutions to secure term loans, short-term borrowings and bank overdrafts as shown in Notes 28, 32 and 33 respectively are as follows:

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| **Net book value** | | |
| Freehold buildings | **5,638** | 5,491 |
| Leasehold buildings | **6,500** | 8,494 |
| Plant, machinery and factory equipment | **15,505** | 13,382 |
| | **27,643** | 27,367 |

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

At the balance sheet date, the net book values of property, plant and equipment of the Group held under hire purchase and finance leases are as follows:

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| **Net book value** | | |
| Plant, machinery and factory equipment | **3,507** | 4,774 |
| Motor vehicles | **3,467** | 3,563 |
| | **6,974** | 8,337 |

## 16. PREPAID LEASE PAYMENTS

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| **Leasehold land** | | |
| **Cost/valuation** | | |
| At 1 January | **9,887** | 10,194 |
| Currency translation differences | **248** | (307) |
| At 31 December | **10,135** | 9,887 |
| **Accumulated amortisation** | | |
| At 1 January | **4,345** | 4,127 |
| Currency translation differences | **118** | (130) |
| Amortisation for the financial year | **342** | 348 |
| At 31 December | **4,805** | 4,345 |
| **Net book value at 31 December** | **5,330** | 5,542 |

The unexpired portion of the leasehold land as of 31 December 2008 are within the range of 11 years to 88 years (2007: 12 years to 89 years).

Certain prepaid lease payments on leasehold land of the Group with a carrying value of RM2,648,931 (2007: RM3,970,365) are pledged to financial institutions to secure term loans, short-term borrowings and bank overdrafts as shown in Notes 28, 32 and 33.

## 17. INTANGIBLE ASSETS

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| **Cost** | | |
| At 1 January and 31 December | **82** | 82 |
| **Accumulated amortisation** | | |
| At 1 January | **62** | 54 |
| Amortisation for the financial year | **8** | 8 |
| At 31 December | **70** | 62 |
| **Net book value at 31 December** | **12** | 20 |

## 18. INVESTMENT IN SUBSIDIARY COMPANIES

| | The Company | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| Unquoted shares, at cost | **77,375** | 72,485 |
| Less: Accumulated impairment losses | **(10,767)** | (10,767) |
| | **66,608** | 61,718 |

During the financial year, the Company subscribed to an additional 4,890,000 ordinary shares of RM1.00 each in certain subsidiary companies for a total cash consideration of RM4,890,000.

**18. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)**

The subsidiary companies are as follows:

| Name of company | Country of incorporation | Group's effective equity interest 2008 % | 2007 % | Principal activities |
|---|---|---|---|---|
| **Subsidiary companies of Mah Sing Group Berhad** | | | | |
| Mah Sing Properties Sdn Bhd | Malaysia | **100** | 100 | Property investment and development |
| Mah Sing Plastics Industries Sdn Bhd + @ | Malaysia | **100** | 100 | Manufacture of plastic moulded products and property development |
| Mah Sing Enterprise Sdn Bhd + @ | Malaysia | **100** | 100 | Trading of plastic and other related products |
| Mah Sing Components Manufacturing Sdn Bhd | Malaysia | **100** | 100 | Inactive |
| Jastamax Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Multi Synergy Group Sdn Bhd | Malaysia | **100** | 100 | Property investment |
| Vital Routes Sdn Bhd @ | Malaysia | **100** | 100 | Investment holding |
| Champion Computers Sdn Bhd *** | Malaysia | **100** | 100 | Inactive |
| Peninsular Connection Sdn Bhd | Malaysia | **100** | 100 | Inactive |
| Pleasant Network Sdn Bhd | Malaysia | **100** | 100 | Inactive |
| Insan Johan Sdn Bhd *** | Malaysia | **100** | 100 | Inactive |
| Vital Roles Sdn Bhd | Malaysia | **90** | 90 | Inactive |
| Mah Sing Precision Engineering Sdn Bhd *** | Malaysia | **100** | 100 | Inactive |
| Konsortium Lingkaran Lembah Kinta Sdn Bhd | Malaysia | **51** | 51 | Dormant |
| Gentali Motor Corpn. Sdn Bhd | Malaysia | **60.5** | 60.5 | Inactive |
| Superior Focus Sdn Bhd | Malaysia | **80** | 80 | Inactive |
| Intramewah Development Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Legend Grand Development Sdn Bhd | Malaysia | **100** | 100 | Property development |

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company | Country of incorporation | Group's effective equity interest | | Principal activities |
|---|---|---|---|---|
| | | **2008** % | 2007 % | |
| **Subsidiary companies of Mah Sing Group Berhad** | | | | |
| Nova Legend Development Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Nova Century Development Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Venice View Development Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Golden Venice Development (MM2H) Sdn Bhd | Malaysia | **100** | 100 | Inactive |
| Loyal Sierra Development Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Star Residence Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Sierra Peninsular Development Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Maxim Heights Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Vienna View Development Sdn Bhd | Malaysia | **70** | 70 | Property development |
| Enrich Property Development Sdn Bhd | Malaysia | **70** | 70 | Property development |
| Vienna Home Sdn Bhd | Malaysia | **70** | 70 | Property development |
| Suria Lagenda Development Sdn Bhd | Malaysia | **100** | 100 | Dormant |
| Ideal Sierra Development Sdn Bhd | Malaysia | **100** | 100 | Dormant |
| Supreme Springs Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Oasis Garden Development Sdn Bhd | Malaysia | **100** | 100 | Dormant |
| Mah Sing International Ltd | British Virgin Islands | **100** | 100 | Dormant |
| Mah Sing Investment Singapore Pte Ltd* | Singapore | **100** | 100 | Dormant |
| **Subsidiary companies of Mah Sing International Ltd** | | | | |
| Mah Sing Vietnam Ltd | British Virgin Islands | **100** | 100 | Dormant |
| Mah Sing Vina Ltd | British Virgin Islands | **100** | 100 | Dormant |

## 18. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

| Name of company | Country of incorporation | Group's effective equity interest 2008 % | 2007 % | Principal activities |
|---|---|---|---|---|
| **Subsidiary company of Mah Sing Plastics Industries Sdn Bhd** | | | | |
| Kenwira Sdn Bhd | Malaysia | **100** | 100 | Assembly of helmets |
| **Subsidiary companies of Mah Sing Properties Sdn Bhd** | | | | |
| Mestika Bistari Sdn Bhd | Malaysia | **100** | 100 | Property development |
| Acacia Springs Management Sdn Bhd | Malaysia | **100** | 100 | Property management |
| Mestika Kenangan Sdn Bhd | Malaysia | **100** | 100 | Property management |
| Vienna Grand Development Sdn Bhd | Malaysia | **100** | 100 | Property management |
| Quantum Noble Development Sdn Bhd | Malaysia | **100** | 100 | Property management |
| Prima Peninsular Development Sdn Bhd | Malaysia | **100** | 100 | Property management |
| **Subsidiary company of Pleasant Network Sdn Bhd** | | | | |
| Vican Technology Sdn Bhd ** | Malaysia | **68** | 68 | Inactive, under court winding up order |
| **Subsidiary company of Vican Technology Sdn Bhd** | | | | |
| Vican Electronics Sdn Bhd # | Malaysia | **68** | 68 | Inactive |
| **Subsidiary company of Vital Routes Sdn Bhd** | | | | |
| P.T. Mah Sing Indonesia * @ | Indonesia | **65** | 65 | Manufacture of plastic moulded products |

* Audited by other firms of auditors.

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

*** These subsidiary companies are under member's voluntary winding-up.

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

\+ Consolidated using merger method.

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

## 19. INVESTMENT IN ASSOCIATED COMPANIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Unquoted shares, at cost | **936** | 936 | **225** | 225 |
| Less: Accumulated impairment losses | **(26)** | - | **(225)** | (199) |
| Group's share of post-acquisition accumulated losses | **(910)** | (910) | **-** | - |
| | **-** | 26 | **-** | 26 |

The Group's share in the accumulated losses of associated companies as shown below has not been recognised in the Group's income statement as equity accounting ceased when the Group's share of losses of associated companies exceeded the carrying amount of its investment in the associates.

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| **Accumulated losses** | | |
| As at 1 January | **(3,785)** | (3,781) |
| Share of loss from ordinary activities after taxation | **(3)** | (4) |
| As at 31 December | **(3,788)** | (3,785) |

## 19. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

Details relating to the associated companies are as follows:

| Name of company | Country of incorporation | Group's effective equity interest | | Principal activities |
|---|---|---|---|---|
| | | **2008 %** | 2007 % | |
| **Associated companies of Mah Sing Group Berhad** | | | | |
| Perstorp Sdn Bhd * | Malaysia | **42** | 42 | Inactive |
| Prestige Greenery Sdn Bhd * | Malaysia | **39.5** | 39.5 | Dormant |
| **Associated company of Peninsular Connection Sdn Bhd** | | | | |
| True Mineral Water Sdn Bhd | Malaysia | **50** | 50 | Inactive |

* Audited by other firms of auditors

## 20. OTHER INVESTMENT

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Quoted shares in Malaysia, at cost | **4** | 4 |
| Less: Allowance for diminution in value | **(3)** | (3) |
| | **1** | 1 |
| Market value of quoted shares in Malaysia | **2** | 1 |

**21. PROPERTY DEVELOPMENT ACTIVITIES**

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

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| Freehold land at cost | **47,099** | - |
| At 1 January | **-** | - |
| Land costs incurred during the year | **47,099** | - |
| At 31 December | **47,099** | - |

Land held for property development is charged to a financial institution as a security for term loans as shown in Note 28.

**(ii) Property development costs**

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| **At 1 January** | | |
| Land costs | **527,133** | 488,633 |
| Development costs | **1,288,635** | 944,365 |
| **Cost recognised to date:** | | |
| Land costs | **(228,564)** | (179,626) |
| Development costs | **(993,649)** | (763,204) |
| **Cost transferred to inventories:** | | |
| Land costs | **(4,190)** | - |
| Development costs | **(20,040)** | - |
| | **569,325** | 490,168 |
| **Cost incurred during the financial year:** | | |
| Land costs | **128,100** | 38,500 |
| Development costs | **226,101** | 344,270 |
| | **354,201** | 382,770 |

## 21. PROPERTY DEVELOPMENT ACTIVITIES (CONT'D)

### (ii) Property development costs (Cont'd)

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| **Cost recognised during the financial year:** | | |
| Land costs | **(38,362)** | (48,938) |
| Development costs | **(258,513)** | (230,445) |
| | **(296,875)** | (279,383) |
| **Cost written off during the financial year:** | | |
| Development costs | **(513)** | - |
| **Transfer to inventories:** | | |
| Land costs | **(551)** | (4,190) |
| Development costs | **(961)** | (20,040) |
| | **(1,512)** | (24,230) |
| **At 31 December** | | |
| Land costs | **383,566** | 294,379 |
| Development costs | **241,060** | 274,946 |
| | **624,626** | 569,325 |

Included in development costs is interest on borrowings capitalised during the financial year amounting to RM9,056,602 (2007: RM7,143,495).

Freehold land and leasehold land of RM250,387,840 (2007: RM279,938,054) and RM14,532,193 (2007: RM21,237,084) respectively are pledged to certain financial institutions as securities for term loans and bank overdrafts of the Group as shown in Notes 28 and 33 respectively.

## 22. INVENTORIES

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| At cost: | | |
| Completed properties | **20,173** | 28,883 |
| Raw materials | **6,898** | 7,231 |
| Work-in-progress | **848** | 1,703 |
| Finished goods | **5,035** | 5,975 |
| | **32,954** | 43,792 |
| Allowance for slow-moving inventories: | | |
| Raw Materials | **(440)** | (439) |
| Finished goods | **(245)** | (335) |
| | **(685)** | (774) |
| Allowance for inventories - completed properties | **(500)** | - |
| | **31,769** | 43,018 |

Inventories of a subsidiary company amounting to RM4,893,476 (2007: RM4,864,848) are pledged to financial institutions to secure foreign term loans, short-term borrowings and bank overdrafts as shown in Notes 28, 32 and 33.

Completed properties of a subsidiary company amounting to RM5,696,872 (2007: RM6,395,049) are pledged to financial institutions to secure term loans and short-term borrowings of the Company as shown in Notes 28 and 32 respectively.

## 23. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Trade receivables | **91,266** | 107,054 | **-** | - |
| Less: Allowance for doubtful debts | **(803)** | (840) | **-** | - |
| | **90,463** | 106,214 | **-** | - |
| Other receivables | **4,411** | 3,681 | **8,219** | 8,340 |
| Less: Allowance for doubtful debts | **(2,427)** | (2,427) | **(8,053)** | (8,053) |
| | **1,984** | 1,254 | **166** | 287 |
| Accrued billings in respect of property development | **148,987** | 82,498 | **-** | - |
| Amounts due from subsidiary companies | **-** | - | **496,470** | 464,397 |
| Deposits for land acquisitions | **492** | 23,611 | **-** | - |
| Deposits for property, plant and equipment | **1,160** | 3,669 | **-** | - |
| Other deposits | **5,243** | 6,009 | **34** | 34 |
| Prepayments | **1,233** | 1,923 | **31** | 24 |
| | **249,562** | 225,178 | **496,701** | 464,742 |

The currency exposure profile of trade receivables is as follows:

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Ringgit Malaysia | **78,996** | 94,234 |
| United States Dollar | **1,028** | 1,868 |
| Indonesian Rupiah | **10,592** | 10,274 |
| Singapore Dollar | **650** | 678 |
| | **91,266** | 107,054 |

## 23. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables of the Group amounting to RM11,403,252 (2007: RM10,830,186) are pledged to financial institutions to secure foreign term loans, short-term borrowings and bank overdrafts as shown in Notes 28, 32 and 33.

Trade receivables comprise amounts receivable for the sale of goods of RM23,586,160 (2007: RM24,057,860) and amounts receivable from customers for property development projects of RM66,877,300 (2007: RM82,156,429).

The terms for sale of goods range from payment in advance to 90 days (2007: payment in advance to 90 days) credit whilst the credit term for receivables from property development is 21 days (2007: 21 days).

Amounts due from subsidiary companies which arose mainly from intercompany advances and payments on behalf are unsecured and interest free except for advances amounting to RM162,300,750 (2007: RM167,718,799) and RM4,730,000 (2007: Nil) which bear interest at 2% (2007: 2%) and 10% (2007: Nil) per annum respectively.

Concentration of credit risk with respect to trade receivables are 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.

## 24. DEPOSITS, CASH AND BANK BALANCES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Cash and bank balances | **27,665** | 20,790 | **1,326** | 1,110 |
| Project Accounts | **13,019** | 29,030 | **-** | - |
| Deposits with licensed banks | **131,552** | 153,907 | **119,697** | 153,202 |
| | **172,236** | 203,727 | **121,023** | 154,312 |

The interest rates per annum for deposits and project accounts during the financial year are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 %** | 2007 % | **2008 %** | 2007 % |
| Project Accounts | **2.00** | 2.00 | **-** | - |
| Deposits with licensed banks | **2.10 - 3.70** | 2.30 - 3.50 | **2.30 - 3.55** | 2.30 - 3.50 |

Bank balances are deposits held on call with licensed banks. Deposits with licensed banks have an average maturity of 30 days (2007: 30 days).

Deposits with licensed banks of the Group amounting to RM663,875 (2007: RM705,000) have been pledged as collateral for financing facilities granted to subsidiary companies.

## 24. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

Deposits with licensed banks of the Group amounting to RM11,190,707 (2007: RM2,278,983) have been deposited in Escrow Accounts for the purpose of securing the bank guarantee facility or towards repayment of the banking facilities of a subsidiary company.

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.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Ringgit Malaysia | **170,435** | 203,169 | **121,023** | 154,312 |
| United States Dollar | **524** | 204 | **-** | - |
| Indonesian Rupiah | **1,277** | 354 | **-** | - |
| | **172,236** | 203,727 | **121,023** | 154,312 |

## 25. SHARE CAPITAL

| | The Group and The Company | | |
|---|---|---|---|
| | **Number of shares Unit '000** | **Par Value RM** | **RM'000** |
| **Ordinary shares** | | | |
| **Authorised:** | | | |
| **2008** | | | |
| At beginning and end of financial year | **1,000,000** | **0.50** | **500,000** |
| 2007 | | | |
| At 1 January | 500,000 | 1.00 | 500,000 |
| Subdivision of ordinary shares of RM1.00 each into RM0.50 each | 500,000 | | - |
| At 31 December | 1,000,000 | 0.50 | 500,000 |

### 25. SHARE CAPITAL (CONT'D)

| | The Group and The Company | | |
|---|---|---|---|
| | **Number of shares Unit '000** | **Par Value RM** | **RM'000** |
| **Ordinary shares** | | | |
| **Issued and fully paid:** | | | |
| **2008** | | | |
| At 1 January | **621,340** | **0.50** | **310,671** |
| Exercise of Warrants | **4,547** | **0.50** | **2,273** |
| Exercise of ESOS | **958** | **0.50** | **479** |
| At 31 December | **626,845** | **0.50** | **313,423** |
| 2007 | | | |
| At 1 January | 152,044 | 1.00 | 152,044 |
| Private placement | 15,200 | 1.00 | 15,200 |
| Exercise of Warrants | 37,901 | 1.00 | 37,901 |
| Rights issue | 51,267 | 1.00 | 51,267 |
| | 256,412 | | 256,412 |
| Subdivision of ordinary shares of RM1.00 each into RM0.50 each | 256,412 | 0.50 | - |
| Exercise of Warrants | 1,163 | 0.50 | 582 |
| Exercise of ESOS | 4,699 | 0.50 | 2,350 |
| Bonus issue | 102,654 | 0.50 | 51,327 |
| At 31 December | 621,340 | 0.50 | 310,671 |

In the previous financial year, the Company completed a share split exercise which involved the subdivision of one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each ("Share Split") and the alteration of the authorised share capital of the Company of RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each into RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each.

## 25. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM310,670,715 to RM313,422,791 by way of:

(a) issuance of 4,546,539 new ordinary shares of RM0.50 each at an exercise price of RM0.50 per ordinary share pursuant to the exercise of Warrants; and

(b) issuance of 957,614 new ordinary shares of RM0.50 each at an exercise price of RM0.77 per ordinary share pursuant to the exercise of share options under the Company's Employees' Share Option Scheme.

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

The related share premium arising from the aforementioned share issues amounting to RM258,556 has been credited to the share premium account during the financial year.

**Warrants 2004/2009**

The Warrants 2004/2009 ("Warrants") are constituted by a Deed Poll dated 2 April 2004 ("Deed Poll").

The salient features of the Warrants 2004/2009 are as follows:

(a) The issue date of the Warrants is 7 June 2004 and the expiry date is 6 June 2009. 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 RM1.00 in the Company at an exercise price of RM1.00 per ordinary share before the Share Split and to subscribe for one (1) new ordinary share of RM0.50 in the Company at an exercise price of RM0.50 per ordinary share after the Share Split;

(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 in 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.

## 25. SHARE CAPITAL (CONT'D)

**Warrants 2004/2009 (Cont'd)**

During the financial year ended 31 December 2007, the number of Warrants have been adjusted in accordance with the provisions in the Deed Poll (as mentioned in item (c) above) as a result of the Rights Issue, Share Split and Bonus Issue. Save for the adjustment in exercise price arising from Share Split as mentioned in item (b) above, there is no other adjustment in exercise price. The movements in the Company's Warrants are as follows:

| Warrants 2004/2009 | Number of warrants Unit '000 | Par Value of ordinary shares RM |
|---|---|---|
| **2008** | | |
| At 1 January | **7,921** | **0.50** |
| Exercised | **(4,547)** | **0.50** |
| At 31 December | **3,374** | **0.50** |
| 2007 | | |
| At 1 January | 41,459 | 1.00 |
| Exercised | (37,901) | 1.00 |
| Adjusted for Rights Issue | 264 | 1.00 |
| | 3,822 | |
| Adjusted for Share Split | 3,822 | 0.50 |
| Adjusted for Bonus Issue | 1,440 | 0.50 |
| Exercised | (1,163) | 0.50 |
| At 31 December | 7,921 | 0.50 |

## 25. SHARE CAPITAL (CONT'D)

**Employees' Share Option Scheme**

The Company implemented an Employees' Share Option Scheme ("ESOS") which is governed by the ESOS By-Laws ("By-Laws") and was approved by the shareholders at the Extraordinary General Meeting held on 8 March 2004.

The salient features of the ESOS are as follows:

(a) The ESOS was implemented on 12 July 2004, and shall be in force for a period of 5 years ("Initial Period"), subject however to any extension or renewal, at the discretion of the Option Committee, provided that the Initial Period and such extended period shall not in aggregate exceed a period of 10 years;

(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 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 comprising 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 the general meeting;

(d) The price payable upon exercise of an Option shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than10%, or at the par value of the Company's share, whichever is higher;

(e) In the event that a share buy-back exercise of the Company results in the number of options that have been offered under the ESOS exceeding 10% of the issued capital of the Company, there shall be no granting of additional options at any point in time after the share buy-back, unless the number of options that have been granted under the ESOS falls below 10% of the issued 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, 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 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.

## 25. SHARE CAPITAL (CONT'D)

### Employees' Share Option Scheme (Cont'd)

During the financial year ended 31 December 2007, the exercise price and number of options over ordinary shares have been adjusted in accordance with the provisions in the By-Laws (as mentioned in item (g) above) as a result of the Rights Issue, Share Split and Bonus Issue.

The adjustments in exercise price of ESOS are as follows:

| | Exercise price per Option | | | |
|---|---|---|---|---|
| **Offer Date** | **On Offer Date RM** | **After Rights Issue RM** | **After Share Split RM** | **After Bonus Issue RM** |
| 9 June 2006 | 2.00 | 1.86 | 0.93 | 0.77 |

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

| **Options over ordinary shares** | **Number of ESOS Unit '000** | **Par Value of ordinary shares RM** |
|---|---|---|
| **2008** | | |
| At 1 January | **1,337** | **0.50** |
| Exercised | **(958)** | **0.50** |
| At 31 December | **379** | **0.50** |

## 25. SHARE CAPITAL (CONT'D)

**Employees' Share Option Scheme (Cont'd)**

| **Options over ordinary shares** | **Number of ESOS Unit '000** | **Par Value of ordinary shares RM** |
|---|---|---|
| 2007 | | |
| At 1 January | 2,453 | 1.00 |
| Cancelled | (91) | 1.00 |
| Adjusted for Rights Issue | 172 | 1.00 |
| | 2,534 | |
| Adjusted for Share Split | 2,534 | 0.50 |
| Adjusted for Bonus Issue | 1,014 | 0.50 |
| Exercised | (4,699) | 0.50 |
| Cancelled | (46) | 0.50 |
| At 31 December | 1,337 | 0.50 |

## 26. RESERVES

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Non-distributable reserves: | | | | |
| Share premium | **134,167** | 133,908 | **134,167** | 133,908 |
| Equity-settled employees benefit reserve | **70** | 259 | **70** | 259 |
| Exchange fluctuation reserve | **5,092** | 4,256 | **-** | - |
| | **139,329** | 138,423 | **134,237** | 134,167 |

**Share premium**

Share premium arose from subscription of ESOS, placement and other issuance of shares in prior years.

## 26. RESERVES (CONT'D)

**Exchange fluctuation reserve**

Exchange difference arising from translation of foreign controlled entities is taken to the foreign exchange reserve account as disclosed in the accounting policies.

**Equity-settled employees benefit reserve**

Equity-settled employees benefit reserve represent the fair value of the employee services received in exchange for the grant of the options which is recognised in equity with a corresponding charge to income statements when vested.

## 27. RETAINED EARNINGS

**The Company**

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on 1 January 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending 31 December 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on 1 January 2014.

As of the balance sheet date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credit and tax exempt income to frank dividends out of its entire retained earnings as of 31 December 2008.

## 28. TERM LOANS

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **Secured** | | | | | |
| Term loans | (a) | **197,870** | 133,002 | **28,547** | 35,771 |
| Bridging loans | (b) | **12,000** | 10,506 | **-** | - |
| Foreign term loans | (c) | **7,071** | 5,601 | **-** | - |
| | | **216,941** | 149,109 | **28,547** | 35,771 |

## 28. TERM LOANS (CONT'D)

The term loans are repayable as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **Current portion:** | | | | |
| Repayable not later than 1 year (under current liabilities) | **35,012** | 6,125 | **3,697** | 586 |
| **Non-current portion:** | | | | |
| Repayable later than 1 year and not later than 2 years | **82,586** | 83,235 | **24,850** | 10,335 |
| Repayable later than 2 years and not later than 5 years | **93,869** | 59,749 | **-** | 24,850 |
| Repayable later than 5 years | **5,474** | - | **-** | - |
| Non-current portion | **181,929** | 142,984 | **24,850** | 35,185 |
| | **216,941** | 149,109 | **28,547** | 35,771 |

**(a) Term Loans**

**The Group**

As of 31 December 2008, the Group has term loan facilities obtained from certain local licensed banks totalling RM378,766,392 (2007: RM359,383,666).

The term loans are secured by way of legal charges, deed of assignment, deposits pledged, specific debenture and assignment of right over the development land and completed properties of the Group and guaranteed by the Company.

**The Company**

As of 31 December 2008, the Company has term loan facilities obtained from certain local licensed banks totalling RM56,847,410 (2007: RM64,070,542).

The term loans are secured by way of legal charges and assignment of right over certain development land and completed properties of a subsidiary company and pledge of shares of certain subsidiary companies as disclosed in Note 18.

## 28. TERM LOANS (CONT'D)

### (b) Bridging Loans

As of 31 December 2008, the Group has bridging loan facilities obtained from local licensed banks totalling RM62,300,000 (2007: RM63,012,500).

The bridging loans are secured by way of legal charges, specific debenture over the development lands of its subsidiary companies, deposits pledged, negative pledge over the present and future assets of the Group and guaranteed by the Company.

### (c) Foreign Term Loans

As of 31 December 2008, a foreign subsidiary has foreign term loan facilities obtained from certain foreign licensed banks totalling RM7,070,535 (2007: RM5,601,298).

The foreign term loans are secured by way of a fixed charge over certain property, plant and equipment, leasehold land and negative pledges over the present and future assets of a foreign subsidiary.

The currency exposure profile of the term loans is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Ringgit Malaysia | **209,870** | 143,508 | **28,547** | 35,771 |
| United States Dollar | **3,574** | 3,154 | **-** | - |
| Indonesian Rupiah | **3,497** | 2,447 | **-** | - |
| | **216,941** | 149,109 | **28,547** | 35,771 |

During the financial year the interest rates were in the following range:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 %** | 2007 % | **2008 %** | 2007 % |
| Facilities: | | | | |
| Foreign currency | | | | |
| United States Dollar | **2.05 - 8.50** | 6.25 - 8.50 | **-** | - |
| Indonesian Rupiah | **11.50 - 15.50** | 11.50 - 14.25 | **-** | - |
| Local currency | **4.45 - 8.00** | 5.55 - 8.50 | **5.55 - 8.00** | 5.80 - 8.50 |

## 29. LONG-TERM AND DEFERRED PAYABLES

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| Payables for acquisition of development land | **-** | 49,420 |
| Finance lease and hire purchase liabilities | **1,788** | 2,396 |
| Retirement benefit obligations (Note 41) | **988** | 760 |
| | **2,776** | 52,576 |

**Payables for acquisition of development land**

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| Repayable according to the terms in the sales and purchase agreements: | | |
| - not later than 1 year (shown under current liabilities – Note 31) | **93,655** | 63,697 |
| - later than 1 year and not later than 5 years | **-** | 49,420 |
| | **93,655** | 113,117 |

The amount payables for acquisition of development land by subsidiary companies are interest free.

The amount payable for acquisition of development lands by a wholly-owned subsidiary company of RM49,420,342 (2007: RM49,420,342) is secured by a bank guarantee.

## 29. LONG-TERM AND DEFERRED PAYABLES (CONT'D)

**Finance lease and hire purchase liabilities**

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **RM'000** | RM'000 |
| Minimum finance lease and hire purchase payments: | | |
| - not later than 1 year | **1,838** | 2,681 |
| - later than 1 year and not later than 5 years | **2,000** | 2,726 |
| | **3,838** | 5,407 |
| Future finance charges on finance lease and hire purchase liabilities | **(448)** | (741) |
| Principal of finance lease and hire purchase liabilities | **3,390** | 4,666 |

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **RM'000** | RM'000 |
| Principal of finance lease and hire purchase liabilities: | | |
| - not later than 1 year (shown under current liabilities - Note 31) | **1,602** | 2,270 |
| - later than 1 year and not later than 5 years | **1,788** | 2,396 |
| | **3,390** | 4,666 |

It is the Group's policy to acquire certain property, plant and equipment under finance lease and hire-purchase arrangements. The average term for finance lease and hire-purchase is between 3 to 5 years. For the financial year ended 31 December 2008, the average effective borrowing rate was 5.82% (2007: 7.12%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's finance lease and hire-purchase payables are secured by assets acquired under finance lease and hire-purchase agreements as disclosed under Note 15.

## 30. DEFERRED TAX ASSETS/LIABILITIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| At 1 January | **7** | 1,543 | **-** | 10,655 |
| Recognised in income statements | **(89)** | (1,536) | **110** | (10,655) |
| At 31 December | **(82)** | 7 | **110** | - |

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 balance sheets:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Deferred tax assets, net | **(700)** | - | **-** | - |
| Deferred tax liabilities, net | **618** | 7 | **110** | - |
| | **(82)** | 7 | **110** | - |

## 30. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

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

**Deferred tax liabilities of the Group**

| | Property, plant and equipment RM'000 | Property development costs RM'000 | Offsetting RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2007 | (594) | (2,030) | 1,081 | (1,543) |
| Recognised in income statements | (151) | 687 | 1,000 | 1,536 |
| At 31 December 2007 | (745) | (1,343) | 2,081 | (7) |
| Recognised in income statements | (2,131) | 1,343 | 177 | (611) |
| **At 31 December 2008** | **(2,876)** | **-** | **2,258** | **(618)** |

**Deferred tax assets of the Group**

| | Property development costs RM'000 | Other deductible temporary differences RM'000 | Unutilised tax losses RM'000 | Reinvestment allowances RM'000 | Offsetting RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 January 2007 | - | 1,081 | - | - | (1,081) | - |
| Recognised in income statements | 1,085 | (85) | - | - | (1,000) | - |
| At 31 December 2007 | 1,085 | 996 | - | - | (2,081) | - |
| Recognised in income statements | (1,085) | (996) | 2,250 | 708 | (177) | 700 |
| **At 31 December 2008** | **-** | **-** | **2,250** | **708** | **(2,258)** | **700** |

## 30. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

**Deferred tax liabilities of the Company**

| | Property, plant and equipment RM'000 | Dividend receivables RM'000 | Offsetting RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2007 | - | (10,655) | - | (10,655) |
| Recognised in income statements | - | 10,655 | - | 10,655 |
| At 31 December 2007 | - | - | - | - |
| Recognised in income statements | 110 | - | - | 110 |
| **At 31 December 2008** | **110** | **-** | **-** | **110** |

Details of net deferred tax assets pertaining to certain subsidiary companies which have not been recognised in the financial statements are as follows:

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Tax effects of deductible temporary differences | **6,190** | 4,620 |
| Unutilised tax losses | **6,098** | 4,341 |
| Unabsorbed capital allowances | **416** | 912 |
| Deferred tax assets - net | **12,704** | 9,373 |

The unutilised tax losses and unabsorbed capital allowances in Malaysia are available for offset against future taxable profits of the subsidiary companies, subject to the agreement by the tax authorities.

## 31. TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Trade payables | **75,631** | 108,662 | **-** | - |
| Payable for acquisition of development land (Note 29) | **93,655** | 63,697 | **-** | - |
| Retention sum | **41,437** | 44,922 | **-** | - |
| Other payables | **7,342** | 8,842 | **-** | - |
| | **218,065** | 226,123 | **-** | - |
| Progress billings in respect of property development | **18,244** | 11,529 | **-** | - |
| Finance lease and hire purchase liabilities (Note 29) | **1,602** | 2,270 | **-** | - |
| Amounts due to subsidiary companies | **-** | - | **72,053** | 33,134 |
| Amounts due to associated companies | **110** | 110 | **-** | - |
| Amounts due to minority shareholders of subsidiary companies | **6,437** | 2,124 | **-** | - |
| Payable for acquisition of property, plant and equipment | **7,306** | 6,571 | **132** | - |
| Deposits received from customers | **2,866** | 507 | **-** | - |
| Accrued operating expenses | **10,558** | 9,616 | **3,199** | 1,474 |
| | **265,188** | 258,850 | **75,384** | 34,608 |

The terms of payment for trade payables and other payables granted to the Group range from cash basis to 90 days (2007: 90 days) credit.

Included in amounts payable for acquisition of property, plant and equipment is an amount of RM4,049,097 (2007: RM6,571,233) denominated in Japanese Yen and is interest-free.

Amounts due to subsidiary companies which are unsecured and interest free, arose mainly from inter-company advances and payments on behalf and have no fixed terms of repayment.

Amounts due to associated companies are unsecured, interest free and have no fixed terms of repayment.

## 31. TRADE AND OTHER PAYABLES (CONT'D)

The amounts due to minority shareholders of subsidiary companies are unsecured, interest free and have no fixed terms of repayment except for an amount of RM1,827,000 (2007: RM1,737,750) which bears interest at rates varying between 0.55% to 4.38% (2007: 4.46% to 5.71%) per annum.

The currency exposure profile of trade payables including retention sum and other payables are as follows:

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| - Ringgit Malaysia | **210,470** | 218,984 |
| - United States Dollar | **5,058** | 4,718 |
| - Indonesia Rupiah | **2,537** | 2,421 |
| | **218,065** | 226,123 |

## 32. SHORT-TERM BORROWINGS

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| **Secured:** | | |
| Foreign revolving credits | **1,397** | 1,892 |
| **Unsecured:** | | |
| Revolving credits | **-** | 3,500 |
| Bankers acceptances | **720** | 2,440 |
| | **720** | 5,940 |
| Total | **2,117** | 7,832 |

## 32. SHORT-TERM BORROWINGS (CONT'D)

**The Group**

As of 31 December 2008, the Group has secured and unsecured local revolving credit facilities obtained from local licensed banks totalling RM38,300,000 (2007: RM38,300,000).

The secured local revolving credit facilities are secured by legal charges over certain buildings and a piece of commercial land owned by a wholly owned subsidiary company and guaranteed by the Company.

As of 31 December 2008, the secured and unsecured local revolving credit facilities have not been utilised.

Both unsecured local revolving credits and bankers acceptances are granted on negative pledges over the present and future assets of the respective subsidiary companies and are guaranteed by the Company.

The secured foreign revolving credit facilities obtained from foreign licensed banks totaling RM7,479,728 (2007: RM7,114,339) by a subsidiary company are secured by legal charges over leasehold land and buildings, plant, machinery and equipment, inventories and trade receivables of the said subsidiary company.

The borrowings bear interest at floating rates and their fair values approximate their carrying values at balance sheet date.

**The Company**

As of 31 December 2008, the Company has a revolving credit facility obtained from a local licensed bank of RM6,000,000 (2007: RM6,000,000), which is secured by a legal charge over a piece of commercial land owned by a wholly owned subsidiary company.

The Company has not utilised the revolving credit facility as at 31 December 2008.

The currency exposure profile of the short term borrowings is as follows:

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| - United States Dollar | **1,079** | 662 |
| - Indonesian Rupiah | **318** | 1,230 |
| - Ringgit Malaysia | **720** | 5,940 |
| | **2,117** | 7,832 |

## 32. SHORT-TERM BORROWINGS (CONT'D)

During the financial year, the interest rates were in the following range:

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **%** | % |
| Foreign revolving credits: | | |
| United States Dollar | **7.50 - 8.50** | 8.50 |
| Indonesian Rupiah | **11.50 - 15.50** | 11.50 - 14.25 |
| Local revolving credits | **5.10 - 5.28** | 5.10 - 5.75 |
| Local bankers acceptances | **3.97 - 4.20** | 4.11 - 5.60 |

## 33. BANK OVERDRAFTS

The currency exposure profile of the bank overdrafts is as follows:

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **RM'000** | RM'000 |
| **Secured** | | |
| Foreign - Indonesian Rupiah | **29** | 385 |

The above overdrafts bear interest at floating rates in the following range:

| | The Group | |
|---|---|---|
| | **2008** | 2007 |
| | **%** | % |
| Foreign bank overdraft - Indonesian Rupiah | **11.50 - 15.50** | 11.50 - 14.25 |

### 33. BANK OVERDRAFTS (CONT'D)

**The Group**

As of December 31, 2008, the Group has secured overdraft facilities obtained from local and foreign licensed banks totalling RM12,450,000 (2007: RM12,950,000) and RM635,615 (2007: RM702,835) respectively.

The secured local bank overdrafts of the Group are secured by legal charges over a building and certain pieces of mixed development land, specific debenture over the said development land and guaranteed by the Company.

The secured foreign bank overdrafts are secured by legal charges over certain property, plant and equipment and inventories and assignment over trade receivables of a subsidiary company.

### 34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise the following balance sheet items:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Cash and bank balances | **27,665** | 20,790 | **1,326** | 1,110 |
| Project accounts | **13,019** | 29,030 | **-** | - |
| Deposits with licensed banks | **131,552** | 153,907 | **119,697** | 153,202 |
| Bank overdrafts (Note 33) | **(29)** | (385) | **-** | - |
| | **172,207** | 203,342 | **121,023** | 154,312 |
| Less: Deposits pledged as collateral (Note 24) | **(664)** | (705) | **-** | - |
| Deposits deposited in Escrow Account (Note 24) | **(11,191)** | (2,279) | **-** | - |
| | **160,352** | 200,358 | **121,023** | 154,312 |

## 35. CONTINGENT LIABILITIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Corporate guarantees issued to financial institutions in respect of credit facilities granted to subsidiary companies | **-** | - | **181,323** | 113,677 |
| Corporate guarantees issued to third parties in respect of acquisition of development land | **-** | - | **22,745** | - |
| | **-** | - | **204,068** | 113,677 |

In the ordinary course of business, certain companies within the Group are defendants in various legal actions for breach of contracts and claims for service rendered which have no material impact. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such actions are remote and therefore, no provisions have been made in the financial statements.

## 36. SEGMENTAL INFORMATION

The Group is organised into two main business segments:

(i) Properties - investment, construction, management and development of residential, commercial and industrial properties

(ii) Plastics - manufacture, assembly and sale of a range of plastic moulded products

Other operations of the Group include investment holding operations which are not of a sufficient size to be reported separately.

Inter-segment revenue comprises dividend income, interest charges and management fees which are undertaken on an arms' length basis.

## 36. SEGMENTAL INFORMATION (CONT'D)

### (a) Primary reporting format - business segments

| 2008 | Properties RM'000 | Plastics RM'000 | Others RM'000 | Group RM'000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Segment revenue | 502,107 | 145,723 | 17,857 | 665,687 |
| Inter-segment revenue | - | - | (14,048) | (14,048) |
| | 502,107 | 145,723 | 3,809 | 651,639 |
| **Results** | | | | |
| Segment results | 137,476 | 7,886 | 7,736 | 153,098 |
| Inter-segment results | - | - | (14,500) | (14,500) |
| | 137,476 | 7,886 | (6,764) | 138,598 |
| Interest income | | | | 1,718 |
| Finance costs | | | | (4,310) |
| Profit before tax | | | | 136,006 |
| Income tax expense | | | | (43,058) |
| Profit for the financial year | | | | 92,948 |
| **Other information** | | | | |
| Capital expenditure | 1,185 | 11,645 | 565 | 13,395 |
| Depreciation and amortisation | 1,700 | 7,278 | 33 | 9,011 |
| Reversal of impairment loss<br>- Property, plant and equipment | - | (62) | - | (62) |
| **Consolidated Balance Sheet** | | | | |
| Segment assets | 975,297 | 92,432 | 122,364 | 1,190,093 |
| Unallocated assets | | | | 9,420 |
| Total assets | | | | 1,199,513 |
| Segment liabilities | 410,618 | 31,277 | 4,724 | 446,619 |
| Unallocated liabilities | | | | 56,284 |
| Total liabilities | | | | 502,903 |

**36. SEGMENTAL INFORMATION (CONT'D)**

**(a) Primary reporting format - business segments (Cont'd)**

| 2007 | Properties RM'000 | Plastics RM'000 | Others RM'000 | Group RM'000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Segment revenue | 443,382 | 126,318 | 280,940 | 850,640 |
| Inter-segment revenue | - | - | (277,275) | (277,275) |
| | 443,382 | 126,318 | 3,665 | 573,365 |
| **Results** | | | | |
| Segment results | 117,155 | 9,140 | 275,805 | 402,100 |
| Inter-segment results | - | - | (279,106) | (279,106) |
| | 117,155 | 9,140 | (3,301) | 122,994 |
| Interest income | | | | 1,306 |
| Finance costs | | | | (6,595) |
| Profit before tax | | | | 117,705 |
| Income tax expense | | | | (35,447) |
| Profit for the financial year | | | | 82,258 |

## 36. SEGMENTAL INFORMATION (CONT'D)

### (a) Primary reporting format - business segments (Cont'd)

| 2007 | Properties RM'000 | Plastics RM'000 | Others RM'000 | Group RM'000 |
|---|---|---|---|---|
| **Other information** | | | | |
| Capital expenditure | 3,254 | 7,491 | 54 | 10,799 |
| Depreciation and amortisation | 1,630 | 6,742 | 26 | 8,398 |
| Reversal of impairment loss - Property, plant and equipment | - | (211) | - | (211) |
| **Consolidated Balance Sheet** | | | | |
| Segment assets | 853,105 | 92,372 | 155,241 | 1,100,718 |
| Investment in associates | - | - | 26 | 26 |
| Unallocated assets | | | | 9,380 |
| Total assets | | | | 1,110,124 |
| Segment liabilities | 380,751 | 34,104 | 2,024 | 416,879 |
| Unallocated liabilities | | | | 57,473 |
| Total liabilities | | | | 474,352 |

Segment assets consist of property, plant and equipment, intangible assets, land held for property development, inventories, property development cost, investments, current assets that are used in the operating activities of the segment and excluding current tax assets. Segment liabilities include trade payables, other payables and accrued liabilities and exclude items such as taxation and borrowings not related to operating activities. Capital expenditure comprise additions to property, plant and equipment.

## 36. SEGMENTAL INFORMATION (CONT'D)

### (b) Secondary reporting format - geographical segments

With the exception of a manufacturing set up for plastic moulded products in Indonesia, the entire Group's operations are located in Malaysia.

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

**Sales revenue by geographical market**

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Malaysia | **578,706** | 510,947 |
| Indonesia | **64,028** | 52,738 |
| Other countries | **8,905** | 9,680 |
| | **651,639** | 573,365 |

The following is an analysis of the carrying amount of segment assets and capital expenditure by geographical areas in which the assets are located:

| | Carrying amount of segment assets | | Carrying amount of capital expenditure | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| Malaysia | **1,143,874** | 1,055,634 | **8,919** | 6,176 |
| Indonesia | **46,219** | 45,084 | **4,476** | 4,623 |
| | **1,190,093** | 1,100,718 | **13,395** | 10,799 |

## 37. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments for rental of premises are as follows:

| The Group | **2008 Future minimum lease payments RM'000** | 2007 Future minimum lease payments RM'000 |
|---|---|---|
| - not later than 1 year | - | 78 |

## 38. LAND ACQUISITION COMMITMENTS

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Contractual commitments to purchase development land: | | |
| - Mukim of Dengkil, Daerah Sepang, Selangor Darul Ehsan | - | 20,558 |
| - Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang | - | 97,101 |
| | - | 117,659 |

## 39. RELATED PARTY DISCLOSURES

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

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| **Transactions with directors of the Company** | | |
| **Transaction value** | | |
| (i) Rental expenses paid to Principal View Sdn Bhd | **585** | 317 |
| (ii) Maintenance charges paid to Harian Madu Sdn Bhd | **156** | 156 |
| (iii) Sales of a property to Leong Yuet Mei and Kwong Yat Tung | **-** | 2,500 |

**Related party and relationship**

| **Name of related party** | **Relationship** |
|---|---|
| (i) Principal View Sdn Bhd | - Company in which Dato' Sri Leong Hoy Kum has substantial financial interest |
| (ii) Harian Madu Sdn Bhd | - Company in which two directors are brothers-in-law to Dato' Sri Leong Hoy Kum |
| (iii) Leong Yuet Mei | - Director of the Company and sister to Dato' Sri Leong Hoy Kum |
| (iv) Kwong Yat Tung | - Son of Leong Yuet Mei |

## 39. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2008 RM'000** | 2007 RM'000 | **2008 RM'000** | 2007 RM'000 |
| **Directors** | | | | |
| Directors' fees | **150** | 150 | **150** | 150 |
| Other emoluments | **3,376** | 2,227 | **3,376** | 2,227 |
| Benefits-in-kind | **116** | 123 | **116** | 123 |
| Total short-term employment benefits | **3,642** | 2,500 | **3,642** | 2,500 |
| Post employment benefits: - EPF | **405** | 267 | **405** | 267 |
| | **4,047** | 2,767 | **4,047** | 2,767 |
| **Other key management personnel** | | | | |
| Remuneration | **4,687** | 3,673 | **1,129** | 780 |
| Benefits-in-kind | **187** | 178 | **58** | 50 |
| Total short-term employment benefits | **4,874** | 3,851 | **1,187** | 830 |
| Post employment benefits: - EPF | **562** | 446 | **135** | 94 |
| | **5,436** | 4,297 | **1,322** | 924 |
| Total Compensation | **9,483** | 7,064 | **5,369** | 3,691 |

## 39. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation (Cont'd)

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

| | 2008 Unit '000 | 2007 Unit '000 |
|---|---|---|
| **Directors** | | |
| At 1 January | **515** | 400 |
| Adjusted | **-** | 630 |
| Exercised | **(515)** | (515) |
| At 31 December | **-** | 515 |
| **Other key management personnel** | | |
| At 1 January | **539** | 769 |
| Adjusted | **-** | 1,210 |
| Exercised | **(437)** | (1,440) |
| At 31 December | **102** | 539 |

## 40. FINANCIAL INSTRUMENTS

**Estimated fair values**

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except as set out below:

| | | The Group | |
|---|---|---|---|
| | Note | Carrying amount RM'000 | Fair value RM'000 |
| **At 31 December 2008** | | | |
| Finance lease and hire purchase liabilities | 29 | **3,390** | **3,190** |
| Term loan with cross currency swap | 5 | **2,994** | **2,520** |
| At 31 December 2007 | | | |
| Finance lease and hire purchase liabilities | 29 | 4,666 | 4,545 |
| Payable for acquisition of development land | 29 | 113,117 | 102,499 |
| Term loan with cross currency swap | 5 | 2,395 | 2,416 |

The method by which fair value information was determined and the significant assumptions made in its application are as follows:

(i) **Finance lease and hire purchase liabilities**

Financial liabilities, future contractual cash flows discounted at current market interest rates available for similar financial instruments.

(ii) **Payable for acquisition of development land**

Payable for acquisition of development land, future contractual cash flows discounted at current market interest rates available for similar financial instruments.

(iii) **Term loan with cross currency swap**

Estimated based on the carrying amount of the loans adjusted for the fair value of the cross currency swap contract which is based on market price at the balance sheet date.

## 40. FINANCIAL INSTRUMENTS (CONT'D)

Save for the term loan with cross currency swap as mentioned under item (iii) above, the Group's long-term loans bear interest at floating rate and hence their carrying amount approximates fair value.

It is not practical to estimate the fair values of inter-company receivables and payables due principally to the absence of fixed repayment terms.

## 41. RETIREMENT BENEFIT OBLIGATIONS

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

The amounts recognised in the balance sheet are determined as follows:

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Present value of benefit obligations | **1,311** | 1,176 |
| Unrecognised actuarial losses | **(194)** | (266) |
| Unrecognised past service cost - non vested | **(129)** | (150) |
| | **988** | 760 |

The amounts recognised in the income statement are as follows:

| | The Group | |
|---|---|---|
| | **2008 RM'000** | 2007 RM'000 |
| Current service cost | **155** | 142 |
| Interest on obligation | **107** | 89 |
| Net actuarial losses recognised in financial year | **20** | 12 |
| Amortisation of past service cost - non vested | **6** | 8 |
| Total included in staff cost (Note 9) | **288** | 251 |
| Unrealised foreign exchange gain | **(107)** | (24) |
| Net amounts recognised in the income statements | **181** | 227 |

The charge for the financial year of RM181,551 (2007: RM227,684) has been included in the administrative expenses.

**41. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

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

| | The Group | |
|---|---|---|
| | **2008** **RM'000** | 2007 RM'000 |
| At 1 January | **760** | 575 |
| Currency translation differences | **47** | (42) |
| Net amounts recognised in the income statements | **181** | 227 |
| At 31 December | **988** | 760 |

Principal actuarial assumptions used:

| | The Group | |
|---|---|---|
| | **2008** **%** | 2007 % |
| Discount rate | **12.00** | 10.50 |
| Expected rate of salary increase | **10.00** | 9.00 |

# STATEMENT BY DIRECTORS AND STATUTORY DECLARATION



We, Jen. (R) Tan Sri Yaacob bin Mat Zain and Dato' Sri Leong Hoy Kum, being two of the Directors of Mah Sing Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 53 to 136 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2008 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board
in accordance with a resolution of the Board of Directors dated 24 February 2009.

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

**DATO' SRI LEONG HOY KUM**
Director

**STATUTORY DECLARATION**

I, Soon Yeong Chyan, being the officer 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 financial statements set out on pages 53 to 136 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.

**SOON YEONG CHYAN**

Subscribed and solemnly declared at Kuala Lumpur this 24 February 2009.

Before me,

**SAROJA A/P PONNUDURAI, PPN**
**No. W 402**
**COMMISSIONER FOR OATHS**

# PROPERTIES OWNED

## BY THE GROUP AS AT 31 DECEMBER 2008

| Location | Description | Date of Acquisition/ Date of Valuation | Tenure | Land Area (Acre) | Net Book Value (RM) |
|---|---|---|---|---|---|
| Lot 9, Lingkaran Sultan Mohamed 1<br>Kawasan Perindustrian<br>Bandar Sultan Suleiman<br>42000 Port Klang<br>Selangor Darul Ehsan | Industrial Building<br>(Age: 17 years) | 8-Aug-1992 | Leasehold<br>(expiring on<br>2-Mar-2019) | 7.0 | 7,460,596 |
| Wisma Mah Sing<br>163 Jalan Sungai Besi<br>57100 Kuala Lumpur | 31 units office lots<br>(Age: 13 years) | 1995 | Freehold | - | 5,639,386 |
| Kawasan Industri Jababeka<br>J1 Jababeka XIIB, Blok W17-20<br>Cikarang Industrial Estate<br>Bekasi, Indonesia | Industrial Building<br>(Age: 11 years) | 25-Jun-1997 | Leasehold<br>(expiring on<br>29-Jun-2022) | 5.2 | 9,148,914 |
| Lot PT 38513 Seksyen U5<br>Mah Sing Integrated<br>Industrial Park<br>40150 Shah Alam<br>Selangor Darul Ehsan | Workers dormitory<br>(Age: 11 years) | 12-Dec-1997 | Leasehold<br>(expiring on<br>11-Dec-2096) | 1.4 | 3,154,440 |
| Sri Pulai Perdana<br>Mukim Pulai<br>Daerah Johor Bahru<br>Johor Darul Takzim | Mixed Development<br>Land | 23-Feb-2000 | Freehold | 53.0 | 17,357,755 |
| Austin Perdana<br>Mukim Tebrau<br>Daerah Johor Bahru<br>Johor Darul Takzim | Mixed Development<br>Land | 30-Jun-2003 | Freehold | 33.0 | 8,799,827 |
| Aman Perdana<br>Mukim Kapar<br>Daerah Klang<br>Selangor Darul Ehsan | Mixed Development<br>Land | 2-Apr-2004 | Freehold | 64.6 | 19,733,880 |
| Sierra Perdana<br>Mukim Plentong<br>Daerah Johor Bahru<br>Johor Darul Takzim | Mixed Development<br>Land | 21-Dec-2005 | Freehold | 216.3 | 53,307,344 |

# PROPERTIES OWNED
## BY THE GROUP AS AT 31 DECEMBER 2008
## (CONT'D)

| Location | Description | Date of Acquisition/ Date of Valuation | Tenure | Land Area (Acre) | Net Book Value (RM) |
|---|---|---|---|---|---|
| One Legenda<br>Mukim Pekan Cheras<br>Daerah Hulu Langat<br>Selangor Darul Ehsan | Residential Development Land | 20-Mar-2006 | Freehold | 9.9 | 10,927,518 |
| Kemuning Residence<br>Mukim dan Daerah Klang<br>Selangor Darul Ehsan | Residential Development Land | 18-Jul-2006 | Leasehold (expiring on 3-Sep-2105) | 5.5 | 6,796,316 |
| Hijauan Residence<br>Mukim dan Daerah Ulu Langat<br>Selangor Darul Ehsan | Residential Development Land | 30-Oct-2006 | Freehold | 28.0 | 18,329,187 |
| Southbay Penang<br>Mukim 12, Daerah Barat Daya<br>Negeri Pulau Pinang | Mixed Development Land | 13-Jun-2007 | Freehold | 80.4 | 107,233,016 |
| Southgate Commercial Centre<br>Seksyen 92<br>Bandar Kuala Lumpur | Commercial Development Land | 27-Jul-2007 | Freehold | 2.9 | 31,386,547 |
| Sri Pulai Perdana 2 (SPP2)<br>Mukim Senai, Tempat Kangkar Pulai<br>Daerah Kulaijaya<br>Johor Darul Takzim | Mixed Development Land | 13-Jun-2008 | Freehold | 66.5 | 23,185,581 |
| Lot 670 and Lot 671, Mukim Cheras<br>Daerah Hulu Langat<br>Negeri Selangor | Residential Development Land | 29-Sep-2008 | Freehold | 6.4 | 3,650,000 |

# STATISTICS OF SHAREHOLDINGS
AS AT 29 APRIL 2009

| | | |
|---|---|---|
| Authorised Share Capital | : | RM500,000,000 |
| Issued and Fully Paid Share Capital | : | RM313,917,052.50 |
| Class of Shares | : | Ordinary shares of RM0.50 each |
| Voting Rights | : | One vote per ordinary share on a poll |

## ANALYSIS OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | No. of Shares | % |
|---|---|---|---|
| 1 - 99 | 288 | 7,360 | 0.001 |
| 100 - 1,000 | 1,037 | 878,572 | 0.140 |
| 1,001 - 10,000 | 3,458 | 14,456,735 | 2.303 |
| 10,001 - 100,000 | 862 | 21,317,238 | 3.395 |
| 100,001 - 31,391,704* | 77 | 144,622,945 | 23.035 |
| 31,391,705 and above ** | 7 | 446,551,255 | 71.126 |
| Total | 5,729 | 627,834,105 | 100.000 |

Remark: * Less than 5% of issued shares
** 5% and above of issued shares

## SUBSTANTIAL SHAREHOLDERS

| | No. of Ordinary Shares Held | | | |
|---|---|---|---|---|
| Name | Direct | % | Indirect | % |
| Mayang Teratai Sdn Bhd | 224,263,897 | 35.720 | - | - |
| Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera | 92,350,151 | 14.709 | - | - |
| Pemodalan Nasional Berhad | 32,191,901 | 5.127 | - | - |
| Koperasi Permodalan Felda Berhad | 53,151,939 | 8.466 | - | - |
| Dato' Sri Leong Hoy Kum | - | - | [a] 224,263,897 | 35.720 |
| Yayasan Pelaburan Bumiputra | - | - | [b] 32,191,901 | 5.127 |

Notes:
[a] Deemed interested by virtue of shareholdings of Mayang Teratai Sdn Bhd
[b] Deemed interested by virtue of shareholdings of Permodalan Nasional Berhad

## DIRECTORS' SHAREHOLDINGS

| | No. of Ordinary Shares Held | | | |
|---|---|---|---|---|
| Name | Direct | % | Indirect | % |
| Jen. (R) Tan Sri Yaacob bin Mat Zain | - | - | [b] 21,124 | 0.003 |
| Dato' Sri Leong Hoy Kum | - | - | [a] 224,984,487 | 35.835 |
| Leong Yuet Mei | - | - | [b] 130,814 | 0.021 |

Notes:
[a] Deemed interested by virtue of shareholdings of Mayang Teratai Sdn Bhd and his family member(s)
[b] Deemed interested by virtue of shareholdings of family member(s)

# STATISTICS OF SHAREHOLDINGS

AS AT 29 APRIL 2009
(CONT'D)

**LIST OF TOP THIRTY HOLDERS**

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | CIMB Group Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Mayang Teratai Sdn Bhd (49643 JPLE) | 100,000,000 | 15.928 |
| 2 | Mayang Teratai Sdn Bhd | 97,263,897 | 15.492 |
| 3 | Amanah Raya Nominees (Tempatan) Sdn Bhd<br>Skim Amanah Saham Bumiputera | 92,350,151 | 14.709 |
| 4 | Koperasi Permodalan Felda Berhad | 53,151,939 | 8.466 |
| 5 | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.) | 37,008,586 | 5.895 |
| 6 | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN For Credit Suisse (SG BR-TST-Asing) | 34,584,781 | 5.509 |
| 7 | Permodalan Nasional Berhad | 32,191,901 | 5.127 |
| 8 | EB Nominees (Tempatan) Sendirian Berhad<br>Pledged Securities Account For Mayang Teratai Sdn Bhd (CSC) | 27,000,000 | 4.300 |
| 9 | Employees Provident Fund Board | 21,176,800 | 3.373 |
| 10 | Amanah Raya Nominees (Tempatan) Sdn Bhd<br>Amanah Saham Wawasan 2020 | 16,135,400 | 2.570 |
| 11 | Amanah Raya Nominees (Tempatan) Sdn Bhd<br>Amanah Saham Malaysia | 14,916,900 | 2.376 |
| 12 | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN For J.P. Morgan Bank Luxembourg S.A. | 14,861,824 | 2.367 |
| 13 | Lembaga Tabung Haji | 8,698,800 | 1.386 |
| 14 | Amanah Raya Nominees (Tempatan) Sdn Bhd<br>Sekim Amanah Saham Nasional | 4,000,000 | 0.637 |
| 15 | HSBC Nominees (Asing) Sdn Bhd<br>RBS Coutts HK For Neranti Investments Limited | 3,961,900 | 0.631 |
| 16 | HSBC Nominees (Asing) Sdn Bhd<br>BBH (Lux) SCA For Fidelity Funds - Asia Pacific Growth & Income Fund | 3,000,000 | 0.478 |
| 17 | Kumpulan Wang Simpanan Guru-Guru | 2,000,000 | 0.319 |
| 18 | HSBC Nominees (Asing) Sdn Bhd<br>Exempt AN For The Bank of New York Mellon Bank (Mellon Acct) | 1,782,319 | 0.284 |

# STATISTICS OF SHAREHOLDINGS

AS AT 29 APRIL 2009

(CONT'D)

**LIST OF TOP THIRTY HOLDERS (CONT'D)**

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 19 | HSBC Nominees (Asing) Sdn Bhd<br>TNTC For Government of Singapore Investment Corporation Pte Ltd | 1,590,261 | 0.253 |
| 20 | Cartaban Nominees (Asing) Sdn Bhd<br>SSBT Fund 22G8 For Federated International Small-Mid Company Fund | 1,540,600 | 0.245 |
| 21 | HSBC Nominees (Asing) Sdn Bhd<br>DZ Bank Intl For UNI Em Fernost Treuhandkonto, Luxembourg | 1,500,000 | 0.239 |
| 22 | Kumpulan Wang Simpanan Pekerja | 1,500,000 | 0.239 |
| 23 | Citigroup Nominees (Asing) Sdn Bhd<br>CIPLC For ISIS Pacific Securities Fund | 1,441,700 | 0.230 |
| 24 | Cartaban Nominees (Asing) Sdn Bhd<br>SSBT Fund GPE6 For State of Minnesota | 1,440,603 | 0.229 |
| 25 | Ng Thaim Peng | 1,008,300 | 0.161 |
| 26 | HSBC Nominees (Asing) Sdn Bhd<br>BNY Brussels For CNA-Capital International Emerging Markets Equity Trust | 989,076 | 0.158 |
| 27 | Citigroup Nominees (Asing) Sdn Bhd<br>CBLDN For OKO Bank Client Account | 867,400 | 0.138 |
| 28 | Lee Hiok Kui @ Jimmy Lingam | 815,100 | 0.130 |
| 29 | Amanah Raya Nominees (Tempatan) Sdn Bhd<br>Amanah Saham Nasional 2 | 800,000 | 0.127 |
| 30 | Datin Sri Lim Suat Kiew | 720,590 | 0.115 |
| | Total | 578,298,828 | 92.111 |

# STATISTICS OF WARRANT HOLDINGS

AS AT 29 APRIL 2009

| | | |
|---|---|---|
| No. of Outstanding Warrants | : | 2,565,729 |
| Exercise Price of Warrants | : | RM0.50 |
| Exercise Period of Warrants | : | 7 June 2004 to 6 June 2009 |
| Exercise Rights | : | Each warrant entitles the holder to subscribe for one new ordinary share of RM0.50 each in the Company |
| Voting Rights at Meetings of Warrant Holders | : | One vote per warrant on a poll |

## ANALYSIS OF WARRANT HOLDINGS

| Size of Holdings | No. of Holders | No. of Warrants | % |
|---|---|---|---|
| 1 - 99 | 252 | 7,155 | 0.279 |
| 100 - 1,000 | 144 | 43,725 | 1.704 |
| 1,001 - 10,000 | 325 | 1,249,319 | 48.693 |
| 10,001 - 100,000 | 60 | 1,113,601 | 43.403 |
| 100,001 - 128,285* | - | - | - |
| 128,286 and above ** | 1 | 151,929 | 5.921 |
| Total | 782 | 2,565,729 | 100.000 |

Remark: * Less than 5% of issued warrants
** 5% and above of issued warrants

# STATISTICS OF WARRANT HOLDINGS

AS AT 29 APRIL 2009
(CONT'D)

**LIST OF TOP THIRTY HOLDERS**

| No. | Name | No. of Warrants | % |
|---|---|---|---|
| 1 | Santhirasthipam A/L Thambynathan | 151,929 | 5.921 |
| 2 | Ng Kok Beng | 77,251 | 3.010 |
| 3 | HDM Nominees (Tempatan) Sdn Bhd<br>Kim Eng Securities Pte Ltd For Hii Yu Guan | 51,501 | 2.007 |
| 4 | Ooi Kok Kee | 43,776 | 1.706 |
| 5 | Tan Diam Koon | 39,151 | 1.526 |
| 6 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Balraaj Singh A/L Tarlachon Singh | 35,749 | 1.393 |
| 7 | Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Liew Kok Chee | 33,475 | 1.305 |
| 8 | Wong Wai Fong | 33,475 | 1.305 |
| 9 | Cheng Ah Nga | 25,749 | 1.004 |
| 10 | Siti Medan Binti Abdul Rahman | 25,749 | 1.004 |
| 11 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Lau Siew Bey (8026817) | 25,100 | 0.978 |
| 12 | UOBM Nominees (Tempatan) Sdn Bhd<br>Golden Touch Asset Management Sdn Bhd For Golden Touch Allweather Fund | 24,649 | 0.961 |
| 13 | Law How Hock | 24,600 | 0.959 |
| 14 | Lim Kee Yek | 21,700 | 0.846 |
| 15 | Affin Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Liau Guan Seng (LIA0047C) | 20,900 | 0.815 |
| 16 | Transmetro Sdn Bhd | 20,599 | 0.803 |
| 17 | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Lau Siew Bey (E-SS2) | 19,600 | 0.764 |
| 18 | Leow Tze Wei | 18,600 | 0.725 |

# STATISTICS OF WARRANT HOLDINGS
AS AT 29 APRIL 2009
(CONT'D)



**LIST OF TOP THIRTY HOLDERS (CONT'D)**

| No. | Name | No. of Warrants | % |
|---|---|---|---|
| 19 | Lim Chin Tong | 18,283 | 0.713 |
| 20 | Ang Hooi Pheow | 18,024 | 0.702 |
| 21 | Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Chen Siew Yoke | 15,800 | 0.616 |
| 22 | Lee Choo Goo | 15,448 | 0.602 |
| 23 | Pung Ngiap Soh | 15,448 | 0.602 |
| 24 | Siti Rabi'ah Bt Mohad | 15,448 | 0.602 |
| 25 | Tan Heng Lan | 15,448 | 0.602 |
| 26 | Yong Chang @ Yong Chin Tet | 15,448 | 0.602 |
| 27 | Ong Aye Ho | 14,008 | 0.546 |
| 28 | Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Lau Siew Bey | 14,000 | 0.546 |
| 29 | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank For Gurmit Singh A/L Surjit Singh (MM0665) | 13,924 | 0.543 |
| 30 | CIMSEC Nominees (Asing) Sdn Bhd<br>DMG & Partners Securities Pte Ltd for Saw Joo Suan | 13,903 | 0.542 |
| | Total | 878,735 | 34.250 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of Mah Sing Group Berhad ("Mah Sing" or "the Company") will be held at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur on Friday, 26 June 2009 at 10.00 a.m. for the following purposes:-

**AGENDA**

**As Ordinary Businesses:-**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**

2. To approve the declaration of a first and final dividend of 16% per ordinary share less Malaysian Income Tax at 25% in respect of the financial year ended 31 December 2008. **(Resolution 2)**

3. To approve the Directors' fees for the financial year ended 31 December 2008. **(Resolution 3)**

4. To re-elect the following Directors who are retiring pursuant to Article 102 of the Company's Articles of Association:-

   (i) Lim Kiu Hock **(Resolution 4)**
   (ii) Loh Kok Leong **(Resolution 5)**

5. To re-appoint Messrs Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

**As Special Businesses:-**

6. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

   "THAT Jen. (R) Tan Sri Yaacob bin Mat Zain who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting of the Company." **(Resolution 7)**

To consider and if thought fit, to pass the following resolutions, with or without any modification, as Ordinary Resolutions of the Company:-

7. **ORDINARY RESOLUTION I**
   **AUTHORITY TO ISSUE SHARES**

   "THAT subject always to the Companies Act, 1965, and the approval of the regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for listing of and quotation for the additional shares so issued AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 8)**

# NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

**8. ORDINARY RESOLUTION II**
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3 (a) AND (b) OF THE CIRCULAR TO SHAREHOLDERS DATED 3 JUNE 2009 ("CIRCULAR")**

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("Mah Sing Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of Mah Sing Group with specified classes of Related Parties (as defined in the Listing Requirements of Bursa Malaysia Securities Berhad) as specified in Section 2.3 (a) and (b) of the Circular, which are necessary for the day-to-day operations of Mah Sing Group provided that:-

(a) the transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of Mah Sing Group and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(b) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate together with a breakdown of the aggregate value of the transactions during the financial year based on the type of transactions, names of the related parties and their relationship.

AND THAT such approval, shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting; or

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **(Resolution 9)**

**9. ORDINARY RESOLUTION III**
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3 (c) OF THE CIRCULAR TO SHAREHOLDERS DATED 3 JUNE 2009 ("CIRCULAR")**

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("Mah Sing Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of Mah Sing Group with specified classes of Related Parties (as defined in the Listing Requirements of Bursa Malaysia Securities Berhad) as specified in Section 2.3 (c) of the Circular, which are necessary for the day-to-day operations of Mah Sing Group provided that:-

(a) the transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of Mah Sing Group and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(b) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate together with a breakdown of the aggregate value of the transactions during the financial year based on the type of transactions, names of the related parties and their relationship.

AND THAT such approval, shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting; or

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **(Resolution 10)**

**10. ORDINARY RESOLUTION IV**
**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT subject to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any applicable laws, regulations and guidelines issued by other regulatory authorities, and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such amount of its ordinary shares on the market of Bursa Securities at any time upon such terms and conditions as the Directors in their absolute discretion deem fit and expedient in the interest of the Company ("Proposed Share Buy-Back") provided that:-

(a) the aggregate number of shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total issued and paid-up ordinary share capital of the Company;

(b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and/or share premium account of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available up to the transaction date of the Proposed Share Buy-Back;

(c) upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:

(i) to cancel the shares so purchased; or

(ii) to retain the shares so purchased in treasury, either to be distributed as dividends to the shareholders of the Company and/or to be resold on the market of Bursa Securities; or

(iii) to retain part of the shares so purchased as treasury shares and cancel the remainder; or

(iv) any combination of the three.

# NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

AND THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date, and in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authorities, relevant requirements and guidelines.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give full effect to the Proposed Share Buy-Back with full power to assent to any condition, variation, modification and/or amendment as may be required by any relevant authorities and to deal with all matters relating thereto and take all steps and do all acts and things in any manner as they may deem necessary in connection with the Proposed Share Buy-Back in the interest of the Company." **(Resolution 11)**

11. **SPECIAL RESOLUTION**
**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF MAH SING GROUP BERHAD**

"THAT the proposed deletions, alterations, modifications, variations and additions to the Articles of Association of the Company in the manner as set out in Appendix I ("Proposed Amendments"), be and are hereby approved.

AND THAT the Directors and/or Secretary of the Company be and are/is hereby authorised to do all acts and things which may be necessary or expedient in order to implement, finalise and give effect to the Proposed Amendments." **(Resolution 12)**

12. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

YANG BAO LING (MAICSA 7041240)
KUAN HUI FANG (MIA 16876)
Company Secretaries

Kuala Lumpur
3 June 2009

# NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

**NOTES:**

1. A member entitled to attend and vote at the Seventeenth Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his/her place. A proxy may but need not be a member of the Company and provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. The power of attorney or a notarially certified copy thereof or the Form of Proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its seal or under the hand of its officer or its attorney duly authorised on its behalf.

3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

4. The Form of Proxy together with the power of attorney (if any) under which it is signed or a duly notarially certified copy thereof must be deposited at the registered office of the Company at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Seventeenth Annual General Meeting or any adjournment thereof.

**EXPLANATORY NOTES ON SPECIAL BUSINESSES**

5. **Resolution 7:**
   The re-appointment of Jen. (R) Tan Sri Yaacob bin Mat Zain, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Resolution 7 has been passed by a majority of not less than three-fourths (¾) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.

6. **Resolution 8:**
   The proposed resolution is in relation to authority to issue shares pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and issue shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such issue of shares. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

7. **Resolutions 9 and 10:**
   The proposed resolutions, if passed, will enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations and are in the ordinary course of business carried out on an arm's length basis on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. The details of the proposals are set out in the Circular to Shareholders dated 3 June 2009 accompanying the Company's Annual Report for the financial year ended 31 December 2008.

8. **Resolution 11:**
   The proposed resolution, if passed, will empower the Directors of the Company to exercise the power of the Company to purchase the Company's shares up to ten percent (10%) of the total issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits and/or share premium account of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company. The details of the proposal are set out in the Share Buy-Back Statement dated 3 June 2009, accompanying the Company's Annual Report for the financial year ended 31 December 2008.

9. **Resolution 12:**
   The proposed resolution, if passed, will incorporate the changes so as to enhance administrative efficiency of the Company as well as to streamline and add clarity to the existing Articles of Association of the Company.

   The details of the Appendix I in the Resolution 12 are set out in the Circular to Shareholders dated 3 June 2009, accompanying the Company's Annual Report for the financial year ended 31 December 2008.

# NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS HEREBY GIVEN THAT** the first and final dividend of 16% per ordinary share less Malaysian Income Tax at 25%, in respect of the financial year ended 31 December 2008, if approved at the Seventeenth Annual General Meeting, will be paid on 18 September 2009 to Depositors of ordinary shares registered in the Record of Depositors on 14 September 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 September 2009 in respect of transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad up to 5.00 p.m. on 9 September 2009 i.e. on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

YANG BAO LING (MAICSA 7041240)
KUAN HUI FANG (MIA 16876)
Company Secretaries

Kuala Lumpur
3 June 2009

# STATEMENT ACCOMPANYING
## NOTICE OF ANNUAL GENERAL MEETING

The name of Directors who are standing for re-election and re-appointment at the Seventeenth Annual General Meeting:-

a. Lim Kiu Hock
   (retiring pursuant to Article 102 of the Company's Articles of Association)

b. Loh Kok Leong
   (retiring pursuant to Article 102 of the Company's Articles of Association)

c. Jen. (R) Tan Sri Yaacob bin Mat Zain
   (re-appointment pursuant to Section 129(6) of the Companies Act, 1965)

The details of the three Directors seeking for re-election and re-appointment are set out in their respective profiles which appear on pages 11 to 12 of the Annual Report. The shareholdings of the Directors in the Company are disclosed under Statistics of Shareholdings on page 140 of this Annual Report.

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

| No. of ordinary shares held |
|---|
| |

## FORM OF PROXY

(Before completing the form please refer to notes below)

I/We ………………………………………………………………………… Telephone No.……………………………………
(FULL NAME IN CAPITAL LETTERS)

I.C. or Company No. ………………………………………………………………… CDS Account No……………………………………
(NEW I.C. NO. OR COMPANY NO.)

of……………………………………………………………………………………………………………………………
(FULL ADDRESS)

being a member/members of MAH SING GROUP BERHAD hereby appoint* the Chairman of the Meeting or failing him

…………………………………………………………………………………………I.C. No. ……………………………………
(FULL NAME IN CAPITAL LETTERS)

of……………………………………………………………………………………………………………………………
(FULL ADDRESS)

or failing him, ………………………………………………………………………………I.C. No. ……………………………………
(FULL NAME IN CAPITAL LETTERS)

of……………………………………………………………………………………………………………………………
(FULL ADDRESS)

as my/our proxy to vote for me/us and on my/our behalf, at the Seventeenth Annual General Meeting of the Company ("AGM"), to be held at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungei Besi, 57100 Kuala Lumpur on Friday, 26 June 2009 at 10.00 a.m., or any adjournment thereof, on the following resolutions referred to in the notice of the AGM:

My/our proxy is to vote as indicated below:

| No. | Resolution | For | Against |
|---|---|---|---|
| 1 | Adoption of the Audited Financial Statements and Reports | | |
| 2 | Declaration of First and Final Dividend | | |
| 3 | Payment of Directors' fees | | |
| 4 | Re-election of Lim Kiu Hock as Director | | |
| 5 | Re-election of Loh Kok Leong as Director | | |
| 6 | Re-appointment of Deloitte KassimChan as Auditors | | |
| 7 | Re-appointment of Jen. (R) Tan Sri Yaacob bin Mat Zain as Director | | |
| 8 | Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965 | | |
| 9 | Proposed renewal of existing Shareholders' Mandate as specified in Section 2.3 (a) and (b) of the Circular to Shareholders dated 3 June 2009 | | |
| 10 | Proposed renewal of existing Shareholders' Mandate as specified in Section 2.3 (c) of the Circular to Shareholders dated 3 June 2009 | | |
| 11 | Proposed renewal of share buy-back authority | | |
| 12 | Proposed amendments to the Articles of Association | | |

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit).

Dated this …………. day of ……………………. 2009

……………………………………
Signature: Shareholder or
Common Seal of Appointor

* Delete the words "the Chairman of the Meeting or" if you wish to appoint some other person to be your proxy.

**Notes:**

1. A member entitled to attend and vote at the Seventeenth Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy or attorney or duly authorized representative may but need not be a member of the Company.
2. The power of attorney or a notarially certified copy thereof or the Form of Proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its seal or under the hand of its officer or its attorney duly authorised on its behalf.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. This Form of Proxy together with the power of attorney (if any) under which it is signed or a duly notarially certified copy thereof must be deposited at the registered office of the Company at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungei Besi, 57100 Kuala Lumpur not later than forty-eight (48) hours before the time appointed for holding the Seventeenth Annual General Meeting or any adjournment thereof.

*Fold this flap for sealing*

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AFFIX
STAMP

THE COMPANY SECRETARY
MAH SING GROUP BERHAD
Penthouse Suite 1
Wisma Mah Sing
No. 163 Jalan Sungai Besi
57100 Kuala Lumpur

*Then fold here*

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

Premier Lifestyle Developer

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

www.mahsing.com.my