

MahSing

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MAH SING GROUP BERHAD

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

Interim Financial Report

31 March 2017

MAH SING GROUP BERHAD

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

Interim Financial Report - 31 March 2017

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

(The figures have not been audited)

| | AS AT 31/03/2017 RM'000 | (AUDITED) AS AT 31/12/2016 RM'000 |
|---|-------------------------------|--|
| ASSETS | | |
| Non-Current Assets | | |
| <i>Property, plant and equipment</i> | 135,471 | 137,619 |
| <i>Prepaid lease payments</i> | 6,666 | 6,841 |
| <i>Investment properties</i> | 199,816 | 199,816 |
| <i>Land held for property development</i> | 1,140,834 | 1,111,766 |
| <i>Intangible assets</i> | 5,767 | 5,795 |
| <i>Deferred tax assets</i> | 113,716 | 118,045 |
| | <u>1,602,270</u> | <u>1,579,882</u> |
| Current Assets | | |
| <i>Property development costs</i> | 2,281,506 | 2,294,868 |
| <i>Inventories</i> | 345,538 | 359,989 |
| <i>Trade and other receivables</i> | 1,182,776 | 1,039,732 |
| <i>Current tax assets</i> | 23,809 | 21,915 |
| <i>Deposits, cash and bank balances and investment in short-term funds</i> | 837,595 | 923,769 |
| | <u>4,671,224</u> | <u>4,640,273</u> |
| TOTAL ASSETS | <u>6,273,494</u> | <u>6,220,155</u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Ordinary Equity Holders of the Company | | |
| <i>Share capital</i> | 1,745,527 | 1,204,711 |
| <i>Share premium</i> | - | 540,816 |
| <i>Other reserves</i> | 72,403 | 72,484 |
| <i>Retained earnings</i> | 1,542,211 | 1,470,100 |
| | <u>3,360,141</u> | <u>3,288,111</u> |
| Perpetual Sukuk | 540,000 | 540,000 |
| Non-Controlling Interests | 7,690 | 8,016 |
| Total Equity | <u>3,907,831</u> | <u>3,836,127</u> |
| Non-Current Liabilities | | |
| <i>Term loans</i> | 750,447 | 859,085 |
| <i>Long term and deferred payables</i> | 12,132 | 12,357 |
| <i>Deferred tax liabilities</i> | 15,466 | 16,220 |
| | <u>778,045</u> | <u>887,662</u> |
| Current Liabilities | | |
| <i>Trade and other payables</i> | 1,389,095 | 1,311,706 |
| <i>Term loans</i> | 150,179 | 126,951 |
| <i>Short term borrowings</i> | 5,643 | 15,404 |
| <i>Bank overdrafts</i> | 566 | - |
| <i>Current tax liabilities</i> | 42,135 | 42,305 |
| | <u>1,587,618</u> | <u>1,496,366</u> |
| Total Liabilities | <u>2,365,663</u> | <u>2,384,028</u> |
| TOTAL EQUITY AND LIABILITIES | <u>6,273,494</u> | <u>6,220,155</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | <u>1.39</u> | <u>1.36</u> |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial period ended 31 March 2017

(The figures have not been audited)

| | 3 months ended | | Period ended | | |
|--|------------------|-------------|------------------|-------------|------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Revenue | 723,542 | 709,173 | 723,542 | 709,173 | |
| Cost of sales | (535,352) | (529,713) | (535,352) | (529,713) | |
| Gross profit | 188,190 | 179,460 | 188,190 | 179,460 | |
| Other income | 2,648 | 5,064 | 2,648 | 5,064 | |
| Selling and marketing expenses | (24,791) | (21,664) | (24,791) | (21,664) | |
| Administrative and other expenses | (46,006) | (37,050) | (46,006) | (37,050) | |
| Interest income | 2,232 | 1,796 | 2,232 | 1,796 | |
| Finance costs | (1,701) | (1,230) | (1,701) | (1,230) | |
| Profit before tax | 120,572 | 126,376 | 120,572 | 126,376 | |
| Income tax expense | (30,450) | (31,905) | (30,450) | (31,905) | |
| Profit for the period | 90,122 | 94,471 | 90,122 | 94,471 | |
| Profit attributable to: | | | | | |
| Equity holders of the Company | 90,421 | 95,035 | 90,421 | 95,035 | |
| Non-controlling interests | (299) | (564) | (299) | (564) | |
| | 90,122 | 94,471 | 90,122 | 94,471 | |
| Earnings per share attributable to ordinary equity holders of the Company: | | | | | |
| - Basic (sen) | Note B13(a) | 2.99 | 3.18 | 2.99 | 3.18 |
| - Diluted (sen) | Note B13(b) | 2.99 | 3.18 | 2.99 | 3.18 |

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 31 March 2017

(The figures have not been audited)

| | 3 months ended | | Period ended | |
|---|-----------------------|----------------|----------------------|----------------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 90,122 | 94,471 | 90,122 | 94,471 |
| Other comprehensive income | | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | |
| Foreign currency translation difference for foreign operations | (108) | (1,476) | (108) | (1,476) |
| Other comprehensive income for the period | <u>(108)</u> | <u>(1,476)</u> | <u>(108)</u> | <u>(1,476)</u> |
| Total comprehensive income for the period | <u>90,014</u> | <u>92,995</u> | <u>90,014</u> | <u>92,995</u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 90,340 | 94,019 | 90,340 | 94,019 |
| Non-controlling interests | (326) | (1,024) | (326) | (1,024) |
| | <u>90,014</u> | <u>92,995</u> | <u>90,014</u> | <u>92,995</u> |

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2017

(The figures have not been audited)

| | Attributable to ordinary equity holders of the Company | | | | | | | | Total Equity RM'000 |
|---|--|----------------------------|-------------------------------|--|--------------------------------|------------------|------------------------------|--|---------------------------|
| | Non-Distributable | | | | Distributable | | | | |
| | Share capital RM'000 | Share premium RM'000 | Warrants reserve RM'000 | Exchange fluctuation reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Perpetual Sukuk RM'000 | Non- controlling interests RM'000 | |
| 3 months ended 31 March 2017 | | | | | | | | | |
| Balance at 1/1/2017 | 1,204,711 | 540,816 | 64,343 | 8,141 | 1,470,100 | 3,288,111 | 540,000 | 8,016 | 3,836,127 |
| Amount recognised directly in equity: | | | | | | | | | |
| Profit for the financial period | - | - | - | - | 90,421 | 90,421 | - | (299) | 90,122 |
| Other comprehensive income | - | - | - | (81) | - | (81) | - | (27) | (108) |
| Total comprehensive income for the period | - | - | - | (81) | 90,421 | 90,340 | - | (326) | 90,014 |
| Distribution paid to holders of Perpetual Sukuk | - | - | - | - | (18,310) | (18,310) | - | - | (18,310) |
| Effects of adoption of Companies Act 2016 * | 540,816 | (540,816) | - | - | - | - | - | - | - |
| Balance at 31/03/2017 | 1,745,527 | - | 64,343 | 8,060 | 1,542,211 | 3,360,141 | 540,000 | 7,690 | 3,907,831 |

* With the Companies Act 2016 coming into effect on 31 January 2017, the credit balance of the share premium becomes part of the share capital. Such credit balance may be utilised within 24 months after the commencement of the Act for purposes as set out in transitional provisions of the Act.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the financial period ended 31 March 2016***(The figures have not been audited)*

| | Attributable to ordinary equity holders of the Company | | | | | | Total | Perpetual Sukuk | Non- controlling interests | Total Equity |
|---|--|------------------|---------------------|------------------------------------|------------------|----------------------|------------------|--------------------|----------------------------------|------------------|
| | Non-Distributable | | | Distributable | | | | | | |
| | Share capital | Share premium | Warrants reserve | Exchange fluctuation reserve | Other reserve | Retained earnings | | | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| 3 months ended 31 March 2016 | | | | | | | | | | |
| Balance at 1/1/2016 | 1,204,709 | 540,810 | 64,344 | 6,980 | 16,603 | 1,302,176 | 3,135,622 | 540,000 | 8,473 | 3,684,095 |
| Amount recognised directly in equity: | | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | 95,035 | 95,035 | - | (564) | 94,471 |
| Other comprehensive income | - | - | - | (1,016) | - | - | (1,016) | - | (460) | (1,476) |
| Total comprehensive income for the period | - | - | - | (1,016) | - | 95,035 | 94,019 | - | (1,024) | 92,995 |
| Distribution paid to holders of Perpetual Sukuk | - | - | - | - | - | (18,410) | (18,410) | - | - | (18,410) |
| Repurchase of redeemable convertible bonds | - | - | - | - | (5,264) | - | (5,264) | - | - | (5,264) |
| Balance at 31/03/2016 | <u>1,204,709</u> | <u>540,810</u> | <u>64,344</u> | <u>5,964</u> | <u>11,339</u> | <u>1,378,801</u> | <u>3,205,967</u> | <u>540,000</u> | <u>7,449</u> | <u>3,753,416</u> |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 31 March 2017***(The figures have not been audited)*

| | 3 months ended 31/03/2017 RM'000 | 3 months ended 31/03/2016 RM'000 |
|---|---|---|
| Operating Activities | | |
| Profit before tax | 120,572 | 126,376 |
| Adjustments for: | | |
| Non-cash items | 7,615 | 3,671 |
| Non-operating items | 19,014 | 5,607 |
| Operating profit before changes in working capital | <u>147,201</u> | 135,654 |
| Net change in property development costs | 211 | 48,573 |
| Net change in inventories | 16,310 | 13,501 |
| Net change in receivables | (45,151) | (45,890) |
| Net change in accrued billings | (97,752) | (26,450) |
| Net change in payables | (68,409) | (157,060) |
| Net change in progress billings | 143,774 | (35,320) |
| Cash generated from/(used in) operations | <u>96,184</u> | (66,992) |
| Interest received | 4,688 | 9,708 |
| Interest paid | (12,395) | (15,846) |
| Tax paid | (28,939) | (50,583) |
| Net cash generated from/(used in) operating activities | <u>59,538</u> | (123,713) |
| Investing Activities | | |
| Additions to property, plant and equipment | (3,204) | (19,923) |
| Additions to land held for property development | (29,068) | (17,014) |
| Proceeds from disposal of property, plant and equipment | 7 | 201 |
| Net cash used in investing activities | <u>(32,265)</u> | (36,736) |
| Financing Activities | | |
| Distribution paid to holders of Perpetual Sukuk | (18,310) | (18,410) |
| Net repayment of borrowings | (95,728) | (9,298) |
| Net withdrawal/(placement) of deposits with licensed banks pledged as collateral/Escrow Accounts | 4,025 | (104,779) |
| Repurchase of redeemable convertible secured bonds | - | (107,016) |
| Net cash used in financing activities | <u>(110,013)</u> | (239,503) |
| Net changes in cash and cash equivalents | <u>(82,740)</u> | (399,952) |
| Effect of exchange rate changes | 25 | (35) |
| Cash and cash equivalents at beginning of the financial period | <u>880,766</u> | 1,280,020 |
| Cash and cash equivalents at end of the financial period | <u>798,051</u> | 880,033 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2017 (continued)

(The figures have not been audited)

Cash and cash equivalents at the end of the financial period comprise the followings:

| | 3 months ended 31/03/2017 RM'000 | 3 months ended 31/03/2016 RM'000 |
|---------------------------------------|---|---|
| Deposits with licensed banks | 117,038 | 470,321 |
| Investment in short-term funds | 68,793 | 268,707 |
| Cash and bank balances | 651,764 | 324,732 |
| Bank overdrafts | (566) | (568) |
| | 837,029 | 1,063,192 |
| Less: Debt Service Reserve Account | - | (118,696) |
| Less: Deposits in Escrow Accounts | (33,062) | (59,802) |
| Less: Deposits pledged as collateral | (5,886) | (4,631) |
| Less: Trustees' Reimbursement Account | (30) | (30) |
| | 798,051 | 880,033 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

A Explanatory notes

A1 Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards No. 134 : Interim Financial Reporting and with IAS14 Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2016 save for the adoption of the following:

| | |
|------------------------|--|
| Amendments to MFRS 107 | Statement of Cash Flows - <i>Disclosure initiative</i> |
| Amendments to MFRS 112 | Income Tax - <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> |
| Amendments to MFRS 12 | Disclosure of Interests in Other Entities <i>(Annual Improvements to MFRSs 2014 - 2016 Cycle)</i> |

The adoption of the above Amendments to MFRSs and annual improvements to MFRS does not have any material impact on the financial statements of the Group.

A2 Seasonal or cyclical factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors during the financial period under review.

A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial period under review.

A4 Changes in estimates

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

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A5 Debt and equity securities

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

A6 Dividends paid

No dividend was paid in current financial period under review.

A7 Segment reporting

Period ended 31 March 2017

| | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|--------------------------------------|----------------------|--------------------|---|-----------------------|------------------------|
| REVENUE | | | | | |
| External revenue | 632,970 | 74,114 | 16,458 | - | 723,542 |
| Inter-segment | - | - | 72,450 | (72,450) | - |
| | <u>632,970</u> | <u>74,114</u> | <u>88,908</u> | <u>(72,450)</u> | <u>723,542</u> |
| RESULTS | | | | | |
| Operating profit | 113,746 | 4,290 | 2,005 | - | 120,041 |
| Interest income | 2,165 | 67 | - | - | 2,232 |
| Finance costs | (1,295) | (328) | (78) | - | (1,701) |
| Profit before tax | <u>114,616</u> | <u>4,029</u> | <u>1,927</u> | - | <u>120,572</u> |
| Income tax expense | | | | | (30,450) |
| Profit for the period | | | | | <u>90,122</u> |
| OTHER INFORMATION | | | | | |
| Capital expenditure | 342 | 3,338 | 144 | - | 3,824 |
| Depreciation and amortisation | 1,057 | 3,830 | 65 | - | 4,952 |
| ASSETS AND LIABILITIES | | | | | |
| Segment assets | 5,741,497 | 237,948 | 156,524 | - | 6,135,969 |
| Current and deferred tax assets | | | | | 137,525 |
| Total assets | | | | | <u>6,273,494</u> |
| Segment liabilities | 2,206,021 | 88,507 | 13,534 | - | 2,308,062 |
| Current and deferred tax liabilities | | | | | 57,601 |
| Total liabilities | | | | | <u>2,365,663</u> |

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A7 Segment reporting (continued)

Period ended 31 March 2016

| | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|--------------------------------------|----------------------|--------------------|---|-----------------------|------------------------|
| REVENUE | | | | | |
| External revenue | 632,415 | 57,990 | 18,768 | - | 709,173 |
| Inter-segment | - | 4 | 19,557 | (19,561) | - |
| | <u>632,415</u> | <u>57,994</u> | <u>38,325</u> | <u>(19,561)</u> | <u>709,173</u> |
| RESULTS | | | | | |
| Operating profit/(loss) | 124,130 | 2,436 | (756) | - | 125,810 |
| Interest income | 1,716 | 80 | - | - | 1,796 |
| Finance costs | (714) | (401) | (115) | - | (1,230) |
| Profit/(loss) before tax | <u>125,132</u> | <u>2,115</u> | <u>(871)</u> | - | <u>126,376</u> |
| Income tax expense | | | | | <u>(31,905)</u> |
| Profit for the period | | | | | <u>94,471</u> |
| OTHER INFORMATION | | | | | |
| Capital expenditure | 124 | 21,899 | - | - | 22,023 |
| Depreciation and amortisation | 1,154 | 3,252 | 53 | - | 4,459 |
| ASSETS AND LIABILITIES | | | | | |
| Segment assets | 5,361,962 | 203,067 | 671,823 | - | 6,236,852 |
| Current and deferred tax assets | | | | | <u>115,637</u> |
| Total assets | | | | | <u>6,352,489</u> |
| Segment liabilities | 2,282,261 | 71,168 | 215,935 | - | 2,569,364 |
| Current and deferred tax liabilities | | | | | <u>29,709</u> |
| Total liabilities | | | | | <u>2,599,073</u> |

A8 Material subsequent events

The Company has on 3 April 2017 completed the first issuance of RM650.0 million in nominal value of unrated senior perpetual securities ("**Perpetual Securities**") under the Perpetual Securities Programme of up to RM1.0 billion in nominal value. The Perpetual Securities have no fixed maturity date but are callable 5 years from date of issuance with coupon rate of 6.90% per annum from year 1 to year 5, payable semi-annually.

Save for the above and as disclosed in B6, there were no material events subsequent to the current quarter ended 31 March 2017 till 26 May 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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A9 Related party transactions

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

| | 01/01/2017 |
|--|-------------------|
| | to |
| | 31/03/2017 |
| | RM'000 |
| (i) Rental paid to a Company in which a Director of the Company has interest | 384 |
| (ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company | 43 |
| (iii) Professional fees paid to a firm in which a Director of subsidiary company has interest | 58 |
| | <u>58</u> |

A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

A11 Changes in contingent liabilities or contingent assets

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

| | 31/03/2017 | 31/12/2016 |
|--|----------------------|---------------|
| | RM'000 | RM'000 |
| Bank guarantees issued in favour of third parties | 62,039 | 77,952 |
| Corporate guarantees issued in favour of third parties | 6,224 | 6,877 |
| | <u>68,263</u> | <u>84,829</u> |

A12 Capital commitments

| | 31/03/2017 |
|---|-----------------------|
| | RM'000 |
| Contractual commitment in relation to: | |
| - Proposed acquisition of development land | 294,729 |
| - Development Agreement for proposed development of land in Kota Kinabalu | 158,740 |
| Commitment for acquisition of property, plant and equipment: | |
| - Approved and contracted for | 2,952 |
| - Approved but not contracted for | 11,930 |
| | <u>468,351</u> |

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A13 Operating lease commitments

As Lessee - for the lease of commercial and residential buildings

The future operating lease commitments for rental of commercial and residential buildings (net of lease rental receivables from sublease) contracted for as at reporting date are as follows:

| | <u>Lease rental payables</u> | | <u>Lease rental receivables</u> | | <u>Net</u> | |
|-------------------------|------------------------------|------------|---------------------------------|------------|----------------|------------|
| | 31/03/2017 | 31/12/2016 | 31/03/2017 | 31/12/2016 | 31/03/2017 | 31/12/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Commercial properties: | | | | | | |
| Less than one year | 6,879 | 7,164 | (1,002) | (1,002) | 5,877 | 6,162 |
| One to two years | 2,437 | 3,135 | (1,313) | (1,313) | 1,124 | 1,822 |
| | 9,316 | 10,299 | (2,315) | (2,315) | 7,001 | 7,984 |
| Residential properties: | | | | | | |
| Less than one year | 1,688 | 2,801 | (92) | (310) | 1,596 | 2,491 |
| One to two years | 3 | 3 | - | - | 3 | 3 |
| | 1,691 | 2,804 | (92) | (310) | 1,599 | 2,494 |
| | 11,007 | 13,103 | (2,407) | (2,625) | 8,600 | 10,478 |
| | | | | | (8,600) | (10,478) |
| | | | | | - | - |

During the financial period, the Group has recognised in profit or loss leaseback rental and provision for future lease commitments amounting to a total of RM0.1 million (2016: RM1.12 million) and rental income from sublease amounting to RM8,150 (2016: RM0.09 million).

As Lessee - for the lease of premises and motor vehicles

The future minimum lease commitment for rental of premises and motor vehicles under non-cancellable operating leases as at reporting date are as follow:-

| | <u>Lease rental payables</u> |
|-------------------------------|------------------------------|
| | 31/03/2017 |
| | RM'000 |
| Less than one year | 2,447 |
| One year to less than 3 years | 1,915 |
| | 4,362 |

As Lessor - for the lease of investment properties

The Group leases out its investment properties. The future minimum lease receivables under non-cancellable leases is as follow:-

| | <u>Lease rental receivables</u> |
|-------------------------------|---------------------------------|
| | 31/03/2017 |
| | RM'000 |
| Less than one year | 3,758 |
| One year to less than 3 years | 1,877 |
| | 5,635 |

B Explanatory notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of Group performance

The Group recorded revenue of approximately RM723.5 million and net profit of approximately RM90.4 million for the first quarter ended 31 March 2017. This represented a 2.0% increase in revenue and a 4.9% decline in net profit as compared to the corresponding quarter last year mainly due to higher expenses incurred during the current quarter.

As at 31 March 2017, the Group's cash and bank balances amounted to approximately RM837.6 million, with a low net gearing ratio of 0.02 times.

Property development

For the period ended 31 March 2017, revenue from property development was approximately RM633.0 million and operating profit was approximately RM113.7 million. There was no fluctuation in revenue but the operating profit decreased by 8.4% mainly due to higher selling, marketing and administrative expenses during the current quarter.

The development projects which contributed to the Group's results in Greater KL and Klang Valley included **Southville City @ KL South**, **Lakeville Residence** in Taman Wahyu, **D'sara Sentral** in Sungai Buloh, **M Residence** and **M Residence 2 @ Rawang**, **M City** in Jalan Ampang, **Icon City** in Petaling Jaya, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **Kinrara Residence** in Puchong, **Icon Residence** in Mont' Kiara and **Star Avenue @ D'sara**. Projects in Penang Island i.e. **Southbay City**, **Legenda @ Southbay** and **Ferringhi Residence**, and projects in Iskandar, Johor Bahru i.e. **The Meridin @ Medini**, **Meridin East**, **Sierra Perdana**, **Mah Sing i-Parc @ Port of Tanjung Pelepas** and **Austin Perdana** as well as **Sutera Avenue** in Kota Kinabalu, Sabah also contributed.

The Group achieved property sales of approximately RM410.3 million for the first quarter ended 31 March 2017.

Plastics

The plastics segment continued to contribute positively to Group performance. Revenue grew by 27.8% from approximately RM58.0 million to RM74.1 million and operating profits improved by 76.1% from RM2.4 million to RM4.3 million as a result of higher sales of pallet, electronic parts and waste bin.

Investment holding & Others

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

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

The Group's current quarter profit before tax of approximately RM120.6 million was higher as compared to the immediate preceding quarter of approximately RM112.8 million. The fluctuation in quarterly results was mainly due to higher profit recognition from completed projects in the current quarter.

B3 Prospects for the current financial year

The Group believes that the property market is currently undergoing consolidation, with healthy mid to long term prospects due to strong fundamentals such as young population, urbanisation, stable employment and on-going infrastructure improvement projects around the country. According to Bank Negara, the Malaysian economy is still resilient with estimated GDP growth of 4.3% - 4.8% in 2017.

Properties in the affordable and mid-range segment of the residential sub-sector are still seeing good demand. As such, to meet the product-market fit, the Group has lined up launches with estimated GDV of approximately RM1.9 billion, and targets 73% of residential sales priced below RM700,000 in 2017.

Backed by a low net gearing ratio of 0.02 times, healthy cash balance of RM837.6 million as of end March 2017 and together with the RM650 million in nominal value of unrated senior perpetual securities issued in April this year, the Group continues to appraise quality land bank opportunities, particularly in the Klang Valley, to drive earnings sustainability. The Group is already making steady progress on this front with the recently announced land acquisitions in Titiwangsa and Sentul, and aims to increase land bank GDV in the Klang Valley to 75% over the next 2-3 years, from the current 65%, with focus on developing affordable and mid-range housing units. To complement this strategy, various initiatives will continue to be put in place to facilitate easy ownership for home buyers.

The Group's emphasis on project execution backed by disciplined cash management approach is demonstrated by the healthy pace of delivery of new homes with RM523 million vacant possession billings achieved in 2016 and RM637 million expected in 2017. The Group's prospects remain positive anchored by 35 on-going projects and remaining prime land banks of 2,255 acres in multiple strategic locations, which provides good profit visibility for the Group.

B4 Profit forecast

Not applicable as the Group has not issued profit forecast or profit guarantee in a public document.

B5 Income tax expense

| | 3 months ended | | Period ended | |
|-------------------------------|-----------------------|-------------------|---------------------|-------------------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Estimated income tax payable: | | | | |
| Current financial period | 26,874 | 24,959 | 26,874 | 24,959 |
| Deferred tax | 3,576 | 6,946 | 3,576 | 6,946 |
| | 30,450 | 31,905 | 30,450 | 31,905 |

The Group's effective tax rate for the current financial period was higher than the statutory tax rate of 24% mainly due to the non deductibility of certain expenses and also the reversal of certain deferred tax assets due to changes in the deductible temporary differences.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 26 May 2017 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

- 1) On 5 July 2010, the Company's wholly-owned subsidiary, Grand Prestige Development Sdn Bhd ("**Grand Prestige**") entered into a Joint Venture Agreement ("**JVA**") with Medan Damai Sdn Bhd ("**Medan Damai**") for the joint development of a piece of residential land in Kinrara with total gross area measuring approximately 13.2 acres (net aggregate area of 7.59 acres) in Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan ("**Kinrara Land**"). Under the terms of the JVA, Medan Damai shall grant Grand Prestige the exclusive rights to continue with the sales and development of the Kinrara Land and in return for an entitlement sum of RM35,403,863.85.

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

- 2) On 26 March 2012, the Company's wholly-owned subsidiary, Capitol Avenue Development Sdn Bhd ("**Capitol Avenue**") entered into a Joint Development Agreement ("**JDA**") with Paduan Hebat Sdn Bhd ("**Paduan Hebat**") for the proposed joint development of a parcel of prime leasehold commercial land measuring approximately 4.26 acres ("**KK Land**") in Kota Kinabalu, Negeri Sabah. Under the terms of the JDA, Paduan Hebat agreed with Capitol Avenue to jointly develop the KK Land for an entitlement of RM39 million. RM25 million of the entitlement for the KK Land shall be satisfied by way of cash and the remaining balance shall be settled by way of conveyance of such number of unit(s) which shall be developed on the KK Land with total value equivalent to RM14 million or such other lesser sum as may be adjusted in accordance with the provisions of the JDA.

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

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

Convention City is currently following up with the Landowner on status of the performance of the Landowner's obligations.

- 4) On 12 March 2014, the Company's wholly-owned subsidiary, Enchanting View Development Sdn Bhd ("**Enchanting View**") entered into a sale and purchase agreement ("**SPA**") with Great Doctrine (M) Sdn Bhd ("**Vendor**") for the proposed acquisition of a portion of prime land measuring approximately 85.43 acres forming part of all that piece of leasehold land measuring approximately 77.02 hectares held under master title known as PN 11895, Lot 741 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Negeri Selangor for a cash consideration of RM327.477.110.40.

On 14 September 2015, Enchanting View and the Vendor had by way of exchange of letters, mutually agreed to a 6 month extension of the conversion approval's period and the consent's period, the periods of which will be expiring on 14 March 2016.

On 14 March 2016, the conditions precedent could not be fulfilled within the 6 month extension of the conversion approval's period and the consent's period. Pursuant to clause 2.6 of the sale and purchase agreement which stated that in the event the conditions precedent cannot be fulfilled within the stipulated time and in the absence of any extension of time mutually agreed to by the parties, the parties shall enter into a bona fide discussions to renegotiate the terms of the sale and purchase agreement with a view to reach an amicable settlement or alternative arrangement on the transaction contemplated. Enchanting View has proposed a timeframe of 6 months commencing from 15 March 2016 for the said discussion and renegotiation.

On 14 September 2016, an amicable settlement or alternative arrangement has yet to be reached between the parties. The parties have since agreed to another 6 months commencing from 15 September 2016 up to 14 March 2017 for the parties to continue with the current bona fide discussion to renegotiate the terms of the sale and purchase agreement pursuant to clause 2.6 of the Agreement.

On 9 March 2017, the parties have mutually agreed to a final extension of three (3) months commencing from 15 March 2017 and expiring on 14 June 2017 for re-negotiation pursuant to Clause 2.6 of the Agreement.

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B6 Status of corporate proposals (continued)

- 5) On 18 December 2015, the Company's wholly-owned subsidiary, Mont Meridian Development Sdn Bhd entered into a conditional sale and purchase agreement with several parties to acquire the entire issued and paid-up share capital of VIP Sanctuary Sdn Bhd ("**VIP**"), a private limited company incorporated in Malaysia, for a cash consideration of RM60,000. The acquisition of VIP is an innovative way for the Company to raise more funds for the Mah Sing Foundation.

The acquisition is currently pending fulfillment of the conditions precedent of the sale and purchase agreement.

- 6) On 17 May 2017, the Company's wholly-owned subsidiary, Mah Sing Properties Sdn Bhd ("**MSPSB**"), entered into a conditional sale and purchase agreement with Saw Shiu Shyong @ Sonny Saw ("**Vendor**") for the proposed acquisition of five (5) pieces of adjoining freehold land in Seksyen 86A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ("**Land**"). The total purchase consideration to be paid to the Vendor is up to RM60 million, premised upon the development order in respect of MSPSB's proposed development plan on the Land is obtained with density of 350 units per acre or more ("**Purchase Consideration**"). The Purchase Consideration shall be adjusted accordingly in the event the density obtained based on the development order is lower than 350 units per acre.

On 26 May 2017, the Company received a letter from Messrs. Abdullah Chan & Co, Advocates & Solicitors, that there is a competing claim on the rightful ownership of the Land. The Company, together with its legal counsel, are in the course of verifying the claim.

- 7) On 26 May 2017, the Company's wholly-owned subsidiary, Nova Legend Development Sdn Bhd ("**NLD**"), had entered into a Share Sale Agreement ("**SSA**") with LTS Properties (M) Sdn Bhd, T.S. Law Corporation Sdn Bhd ("**T.S. Law**") and Law Wai Cheong (collectively the "**Vendor**") for the proposed acquisition of 78% of the equity interest in Cosmoworld Housing Development Sdn Bhd ("**CHDSB**") amounting to 1,560,000 ordinary shares in CHDSB ("**Sale Shares**") for a total purchase consideration of RM54,960,000 ("**Purchase Consideration**"). The Purchase Consideration is to be paid on a deferred payment basis over a period of 72 months.

On even date, NLD, along with a nominated wholly-owned subsidiary of the Company, Jastamax Sdn Bhd, entered into a Shareholders' Agreement ("**SHA**") with T.S. Law and Law Wai Cheong to regulate their relationship and to record the terms governing the management of CHDSB and their respective rights and obligations as shareholders in CHDSB, and the conduct of business and affairs of CHDSB. CHDSB is in the midst of acquiring a piece of freehold land measuring approximately 8.50 acres in Sentul ("**Land**"). CHDSB is a special one project company to undertake a potential residential development project in Sentul, Kuala Lumpur.

The SSA is pending completion and will be completed on the day which the duly stamped Form of Transfer of Securities in respect of the Sale Shares is registered in favour of NLD and/or its nominee, into the register of CHDSB. The SHA is conditional upon the completion of the SSA.

B7 Group borrowings

Total group borrowings as at 31 March 2017 were as follows:

| <i>(Denominated in)</i> | Secured RM'000 (RM) | Secured RM'000 (Indonesian Rupiah) | Secured RM'000 (USD) | Total RM'000 |
|---------------------------------|---------------------------|---|----------------------------|-----------------|
| Term loans payable | | | | |
| - within 12 months | 150,179 | - | - | 150,179 |
| - after 12 months | 750,447 | - | - | 750,447 |
| | 900,626 | - | - | 900,626 |
| Short term borrowings | - | 2,656 | 2,987 | 5,643 |
| Bank overdrafts | - | 566 | - | 566 |
| Finance lease and hire purchase | | | | |
| - within 12 months | 1,068 | 1,265 | - | 2,333 |
| - after 12 months | 833 | 455 | - | 1,288 |
| | 1,901 | 1,720 | - | 3,621 |
| Total | 902,527 | 4,942 | 2,987 | 910,456 |

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B8 Material litigation

The Group is not engaged in any material litigation as at 26 May 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

B9 Derivatives financial instrument

As at 31 March 2017, there were no outstanding foreign currency forward contracts.

B10 Realised and unrealised earnings or losses disclosure

The retained earnings as at 31 March 2017 and 31 December 2016 were analysed as follows:

| | 31/03/2017 | 31/12/2016 |
|--|-------------------|------------|
| | RM'000 | RM'000 |
| Total retained earnings of the Group | | |
| - Realised | 1,383,275 | 1,356,493 |
| - Unrealised | 133,607 | 136,765 |
| | 1,516,882 | 1,493,258 |
| Total share of accumulated losses from associated company | | |
| - Realised | (73) | (73) |
| | 1,516,809 | 1,493,185 |
| Consolidation adjustments | 25,402 | (23,085) |
| Total group retained earnings as per consolidated accounts | 1,542,211 | 1,470,100 |

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

| | 3 months | Period |
|--|-------------------|-------------------|
| | ended | ended |
| | 31/03/2017 | 31/03/2017 |
| | RM'000 | RM'000 |
| Depreciation and amortisation | (4,952) | (4,952) |
| Impairment of intangible assets | (28) | (28) |
| Loss on redemption of investment in short term funds | (40) | (40) |
| Net foreign exchange gain | 202 | 202 |
| Reversal of allowance for doubtful debts - trade receivables | 12 | 12 |
| Reversal of write down of inventories | 39 | 39 |

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 31 March 2017.

B12 Dividend proposed

No dividend has been proposed for the first quarter ended 31 March 2017.

The first and final single-tier dividend of 6.5 sen per ordinary share (2015: 6.5 sen per ordinary share) in respect of the financial year ended 31 December 2016, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 15 June 2017, will be paid on 14 September 2017 to depositors whose names appear in the Record of Depositors of the Company on 4 September 2017.

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B13 Earnings per share ("EPS")

(a) Basic EPS

The basic earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial period by the weighted average number of ordinary shares in issue.

| | 3 months ended | | Period ended | |
|--|-----------------------|------------|---------------------|------------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| Net profit for the period (RM'000) | 90,421 | 95,035 | 90,421 | 95,035 |
| Distribution paid to holders of Perpetual Sukuk (RM'000) | (18,310) | (18,410) | (18,310) | (18,410) |
| Net profit for the period attributable to ordinary equity holders (RM'000) | 72,111 | 76,625 | 72,111 | 76,625 |
| Weighted average number of ordinary shares in issue ('000) | 2,409,422 | 2,409,417 | 2,409,422 | 2,409,417 |
| Basic EPS (sen) | 2.99 | 3.18 | 2.99 | 3.18 |

(b) Diluted EPS

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

| | 3 months ended | | Period ended | |
|---|-----------------------|------------|---------------------|------------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| Net profit for the period attributable to ordinary equity holders (RM'000) | 72,111 | 76,625 | 72,111 | 76,625 |
| Weighted average number of ordinary shares in issue ('000) | 2,409,422 | 2,409,417 | 2,409,422 | 2,409,417 |
| Weighted average number of ordinary shares deemed issued at no consideration ('000) | | | | |
| - Warrants B | 5,032 | n/a | 5,032 | n/a |
| - Warrants C ⁽¹⁾ | n/a | n/a | n/a | n/a |
| Adjusted weighted average number of ordinary shares ('000) | 2,414,454 | 2,409,417 | 2,414,454 | 2,409,417 |
| Diluted EPS (sen) | 2.99 | 3.18 | 2.99 | 3.18 |

⁽¹⁾ The effects of potential ordinary shares arising from the exercise of Warrants C is anti-dilutive and accordingly is excluded from the Diluted EPS computation above.

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

B15 Comparative figures

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

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
31 May 2017