

## HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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

##### (w) Revenue Recognition

###### (i) *Property Development*

Property development revenues are recognised in the income statement, in respect of all building units that have been sold, when the outcome of a development activity can be estimated reliably. The amount of such revenues is recognised on the percentage of completion method. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development activities will result in a loss.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

###### (ii) *Sale of Completed Properties*

Revenue from sale of completed properties is recognised upon the signing of the sale and purchase contracts.

###### (iii) *Resort Operations*

Revenue from the rental of rooms, sale of food and beverages, provision for recreational facilities and other related income are recognised as and when services are rendered/performed.

###### (iv) *Recreational and Sports Operations*

Revenue from the provision of recreational and sports facilities is recognised as and when services are rendered/performed.

###### (v) *Rental Income*

Rental income is recognised on an accrual basis.

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

##### (x) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view for resale. Classification as discontinued operations occur upon disposal or when the operations meet the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

#### 7. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	275,002	275,004
Accumulated impairment losses	(275,000)	(25,000)
At 31 January	<u>2</u>	<u>250,004</u>

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2010	2009	
Teluk Rubiah Country Club Sdn. Bhd.	100%	100%	Providing recreational and sports facilities and operating a golf course.
Teluk Rubiah Resorts Sdn. Bhd.	100%	100%	Resort operator.
Suria Makmur Development Sdn. Bhd.	100%	100%	Property development.
Enchant Delight Sdn. Bhd.	-	100%	Dormant.

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### 8. PROPERTY, PLANT AND EQUIPMENT

	AT 1.2.2009 RM	ADDITIONS RM	TRANSFER RM	ADJUSTMENTS RM	DISPOSALS RM	DEPRECIATION CHARGE RM	AT 31.1.2010 RM
THE GROUP							
NET BOOK VALUE							
Chalets	3,228,605	46,120	-	(10,000)	(3,191,183)	(73,542)	-
Golf course, club house, driving range and related development expenditure	10,153,519	258,938	42,770	(2,398)	(10,333,909)	(118,920)	-
Golf equipment and accessories	11,920	774,460	-	-	-	(116,799)	669,581
Motor vehicles	78,767	-	-	-	-	(17,503)	61,264
Office equipment, furniture and fittings	155,251	161,825	-	-	(4)	(59,281)	257,791
Renovation and electrical installation	2	-	-	-	-	-	2
Capital work-in-progress	42,770	-	(42,770)	-	-	-	-
	<b>13,670,834</b>	<b>1,241,343</b>	<b>-</b>	<b>(12,398)</b>	<b>(13,525,096)</b>	<b>(386,045)</b>	<b>988,638</b>

	AT 1.2.2008 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 31.1.2009 RM
THE GROUP				
NET BOOK VALUE				
Chalets	3,282,927	18,820	(73,142)	3,228,605
Golf course, club house, driving range and related development expenditure	9,839,088	421,392	(106,961)	10,153,519
Golf equipment and accessories	15,778	444	(4,302)	11,920
Motor vehicles	3	87,515	(8,751)	78,767
Office equipment, furniture and fittings	89,879	101,014	(35,642)	155,251
Renovation and electrical installation	2	-	-	2
Capital work-in-progress	9,043	33,727	-	42,770
	<b>13,236,720</b>	<b>662,912</b>	<b>(228,798)</b>	<b>13,670,834</b>

	AT COST RM	AT VALUATION RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.1.2010				
Golf equipment and accessories	1,764,397	-	(1,094,816)	669,581
Motor vehicles	157,938	-	(96,674)	61,264
Office equipment, furniture and fittings	1,638,852	-	(1,381,061)	257,791
Renovation and electrical installation	1,106,815	-	(1,106,813)	2
	<b>4,668,002</b>	<b>-</b>	<b>(3,679,364)</b>	<b>988,638</b>

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

	AT COST RM	AT VALUATION RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.1.2009				
Chalets	59,010	3,615,387	(445,792)	3,228,605
Golf course, club house, driving range and related development expenditure	428,748	10,367,000	(642,229)	10,153,519
Golf equipment and accessories	989,937	-	(978,017)	11,920
Motor vehicles	157,938	-	(79,171)	78,767
Office equipment, furniture and fittings	1,532,827	-	(1,377,576)	155,251
Renovation and electrical installation	1,106,815	-	(1,106,813)	2
Capital work-in-progress	42,770	-	-	42,770
	<b>4,318,045</b>	<b>13,982,387</b>	<b>(4,629,598)</b>	<b>13,670,834</b>

	AT 1.2.2009 RM	ADDITIONS RM	DISPOSALS RM	AT 31.1.2010 RM
THE COMPANY				
NET BOOK VALUE				
Office equipment, furniture and fittings	2	-	-	2
Renovation and electrical installation	1	-	-	1
Chalets	-	3,191,183	(3,191,183)	-
Golf course, club house, driving range and related development expenditure	-	10,333,909	(10,333,909)	-
	<b>3</b>	<b>13,525,092</b>	<b>(13,525,092)</b>	<b>3</b>

	AT 1.2.2008 RM	ADDITION RM	DISPOSAL RM	AT 31.1.2009 RM
THE COMPANY				
NET BOOK VALUE				
Office equipment, furniture and fittings	2	-	-	2
Renovation and electrical installation	1	-	-	1
	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.1.2010/2009			
Office equipment, furniture and fittings	41,503	(41,501)	2
Renovation and electrical installation	4,636	(4,635)	1
	<b>46,139</b>	<b>(46,136)</b>	<b>3</b>

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

	2010 RM	2009 RM
THE GROUP		
Net book value of property, plant and equipment, had these assets been carried at cost less accumulated depreciation, would have been:-		
Chalets	-	4,709,504
Golf course, club house, driving range and related development expenditure	-	9,527,934
	<u>-</u>	<u>14,237,438</u>

A motor vehicle of the Group with a net book value of RM61,264 (2009 - RM78,764) was acquired under hire purchase terms.

Included in the cost of property, plant and equipment are the following fully depreciated assets which are still in use:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Golf equipment and accessories	971,093	971,093	-	-
Motor vehicles	70,423	70,423	-	-
Office equipment, furniture and fittings	1,334,143	1,293,919	41,503	41,503
Renovation and electrical installation	1,106,815	1,106,815	4,636	4,636
	<u>3,482,474</u>	<u>3,442,250</u>	<u>46,139</u>	<u>46,139</u>

On 16 December 2005, the Company entered into the following agreements:-

- (i) a conditional Sale and Purchase Agreement with Ascotsun Sdn. Bhd. ("ASB"), a company in which a person connected to a director has a substantial financial interest, for the disposal of a piece of vacant leasehold land held under Qualified Title HS(D) Dgs. 101 PT4100, in the Mukim of Lumut, District of Manjung, State of Perak for a total cash consideration of RM3,574,182; and

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

- (ii) an Option Agreement with ASB to grant ASB an option to purchase a piece of vacant leasehold land held under Qualified Title HS(D) Dgs. 102 PT4105, in the Mukim of Lumut, District of Manjung, State of Perak at a purchase price of RM804,648.

The conditional Sale and Purchase Agreement has been completed on 26 May 2009. The Company has on 11 June 2009 entered into a Deed of Mutual Rescission and Revocation (Option Agreement) with ASB to revoke the Option Agreement.

#### 9. LAND HELD FOR PROPERTY DEVELOPMENT

	THE GROUP/THE COMPANY	
	2010 RM	2009 RM
Long leasehold land held for property development:-		
At cost		
At 1.2.2009/2008	97,422,711	97,422,711
Disposal during the financial year	(38,363,947)	-
Transfer to non-current asset classified as held for sale	(53,894,012)	-
At 31.1.2010/2009	5,164,752	97,422,711
Development expenditure:-		
At cost		
At 1.2.2009/2008	87,828,179	87,828,179
Disposal during the financial year	(34,585,731)	-
Transfer to non-current asset classified as held for sale	(48,586,339)	-
At 31.1.2010/2009	4,656,109	87,828,179
	<u>9,820,861</u>	<u>185,250,890</u>

The long leasehold land held for property development has been pledged to financial institutions for credit facilities granted to the ultimate holding company.

The long leasehold land held for property development was revalued by the directors on the open market basis in the financial period ended 31 January 2003 based on a valuation carried out by an independent firm of professional valuers. The surplus arising from the revaluation has been credited to the revaluation reserve account in the same financial period. The corresponding deferred tax of the Group and of the Company have been provided for accordingly.

The Group has adopted the transitional provisions under FRS 201 - Property Development Activities to retain the revalued amount of the land held for property development as its surrogate cost.

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### 10. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2010 RM	2009 RM
Development costs:-		
At 1.2.2009/2008	1,471,394	1,658,734
Writeoff during the financial year	(1,471,394)	(187,340)
At 31.1.2010/2009	-	1,471,394

### 11. INVENTORIES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost:-				
Bungalow lots	-	824,729	-	824,729
Consumables	7,993	12,567	-	-
Sports shop inventories	968	1,049	-	-
	8,961	838,345	-	824,729

None of the inventories is stated at net realisable value.

### 12. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	83,271	803,729	-	703,139
Allowance for doubtful debts	(17,384)	(17,384)	-	-
	65,887	786,345	-	703,139

The normal trade credit terms of the trade receivables range from 30 to 60 days.

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### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables, deposits and prepayments	101,924,985	101,579	101,874,578	-
Allowance for doubtful debts	(5,610)	(5,610)	-	-
	<u>101,919,375</u>	<u>95,969</u>	<u>101,874,578</u>	<u>-</u>

Included in other receivables of the Group and of the Company in the current financial year is an amount of RM101,874,578 which relates to the sale proceeds from the disposal of properties, golf course and resorts which was subsequently received by the Company and the Group.

### 14. AMOUNT OWING BY IMMEDIATE HOLDING COMPANY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 15. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY	
	2010 RM	2009 RM
Amount owing by subsidiaries	22,348,032	35,579,451
Writedown of amount owing by subsidiaries:-		
At 1.2.2009/2008	(21,108,000)	(20,653,000)
Addition during the financial year	-	(455,000)
Writeback during the financial year	219,035	-
At 31.1.2010/2009	<u>(20,888,965)</u>	<u>(21,108,000)</u>
	<u>1,459,067</u>	<u>14,471,451</u>

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

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### 16. AMOUNTS OWING BY/TO RELATED COMPANIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

### 17. NON-CURRENT ASSET AND LIABILITY CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

By virtue of the significant events during and after the financial year as disclosed in Note 40 to the financial statements, the Group and the Company have, at the balance sheet date, classified the relevant non-current asset and liability to asset and liability held for sale, respectively. As a result of the proposed disposals, the Group's resort and golf course operations will be discontinued and the results from the resorts and golf course operations are presented separately on the consolidated income statement as discontinued operations.

An analysis of the results of discontinued operations is as follows:-

	THE GROUP	
	2010 RM	2009 RM
Revenue	2,089,150	1,635,959
Other income	11,005	66,902
Expenses	(2,573,145)	(2,204,938)
Loss before taxation from discontinued operations	(472,990)	(502,077)
Income tax expense	-	-
Loss after taxation from discontinued operations	(472,990)	(502,077)

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#### 17. NON-CURRENT ASSET AND LIABILITY CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

The following amounts have been included in arriving at the loss before taxation of the discontinued operations:-

	THE GROUP	
	2010 RM	2009 RM
Audit fee		
- for the financial year	10,612	5,500
- underprovision in the previous financial year	-	920
Depreciation of property, plant and equipment	386,045	228,798
Director's non-fee emoluments	60,000	-
Interest expense		
- hire purchase	2,809	1,404
- others	1,981	716
Rental of equipment	77,933	241,430
Rental of premises	9,600	4,800
Staff costs	959,680	825,092
Deposits forfeited	-	(66,902)
Gain on disposal of property, plant and equipment	(9,996)	-
Rental income	(1,076,377)	(962,904)

The cash flows attributable to the discontinued operations are as follows:-

	THE GROUP	
	2010 RM	2009 RM
Operating cash flows	846,779	174,573
Investing cash flows	(1,231,343)	(575,092)
Financing cash flows	375,395	402,076
Total cash flows	(9,169)	1,557

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### 17. NON-CURRENT ASSET AND LIABILITY CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

The details of the asset and liability classified as held for sale on the balance sheets as at 31 January 2010 are as follows:-

	THE GROUP/THE COMPANY RM
<b>Asset</b>	
Land held for property development	102,480,351
<b>Liability</b>	
Deferred tax liabilities (Note 23)	<u>(9,038,119)</u>

### 18. SHARE CAPITAL

	THE COMPANY			
	2010 NUMBER OF SHARES	2009 NUMBER OF SHARES	2010 RM	2009 RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
ISSUED AND FULLY PAID-UP	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

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### 19. REVALUATION RESERVE

The revaluation reserve represents the surplus arising from the revaluation of the land held for property development, and is not distributable by way of cash dividends.

### 20. RETAINED PROFIT

Subject to the agreement of the tax authorities, at the balance sheet date, the Company has tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends of approximately RM21,000 out of its retained profits. The balance of the retained profits, if distributed as dividends, will be taxed at the statutory tax rate.

At the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profit is a final tax, and dividends distributed to the shareholders will be exempted from tax.

### 21. AMOUNT OWING TO ULTIMATE HOLDING COMPANY

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Current:-				
Non-interest bearing advances	<u>19,448,952</u>	<u>19,684,262</u>	<u>19,448,952</u>	<u>19,684,262</u>
Non-current:-				
Interest-bearing loan	<u>131,093,966</u>	<u>141,321,238</u>	<u>131,093,966</u>	<u>141,321,238</u>

The interest-bearing loan bore interest at 9.05% (2009 - 6.75%) per annum at the balance sheet date.

The amount owing is non-trade in nature, unsecured and the interest-bearing loan is not expected to be repaid within the next twelve months after the balance sheet date. The non-interest bearing advances are repayable on demand. The amount owing is to be settled in cash.

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#### 22. HIRE PURCHASE PAYABLE

	THE GROUP	
	2010 RM	2009 RM
Minimum hire purchase payments:		
- not later than one year	15,756	15,756
- later than one year and not later than five years	63,024	63,024
- later than five years	7,846	23,602
	<hr/>	<hr/>
	86,626	102,382
Future finance charges	(15,446)	(18,256)
	<hr/>	<hr/>
Present value of hire purchase payable	<u>71,180</u>	<u>84,126</u>

The net hire purchase payable is repayable as follows:-

	THE GROUP	
	2010 RM	2009 RM
Current:		
- not later than one year	12,942	12,942
Non-current:		
- later than one year and not later than five years	51,768	51,768
- later than five years	6,470	19,416
	<hr/>	<hr/>
	58,238	71,184
	<hr/>	<hr/>
Present value of hire purchase payable	<u>71,180</u>	<u>84,126</u>

The Group has a hire purchase contract for a motor vehicle as disclosed in Note 8 to the financial statements. There are no restrictions imposed on the Group by the hire purchase arrangement and the Group has not entered into any arrangement for contingent rent payments.

The hire purchase payable bore an effective interest rate at the balance sheet date of 5.75% (2009 - 5.75%) per annum.

The hire purchase payable is secured by a guarantee of a director of the Company.

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### 23. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1.2.2009/2008	17,391,588	19,316,699	18,088,896	20,097,684
Recognised in the income statements (Note 32)	(7,285,882)	(1,203,273)	(7,983,190)	(1,203,273)
Recognised in equity	-	(721,838)	-	(805,515)
At 31.1.2010/2009	<u>10,105,706</u>	<u>17,391,588</u>	<u>10,105,706</u>	<u>18,088,896</u>
Classified as:-				
Non-current liabilities	1,067,587	17,391,588	1,067,587	18,088,896
Liability directly associated with asset classified as held for sale (Note 17)	9,038,119	-	9,038,119	-
	<u>10,105,706</u>	<u>17,391,588</u>	<u>10,105,706</u>	<u>18,088,896</u>

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#### 23. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax consists of the tax effects of the following items:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax liabilities:-				
Revaluation of land held for property development and chalets	12,207,823	19,440,588	12,207,823	20,137,896
Revaluation of a golf course	-	29,479	-	-
Accelerated capital allowances	423,000	-	-	-
	<u>12,630,823</u>	<u>19,470,067</u>	<u>12,207,823</u>	<u>20,137,896</u>
Deferred tax assets:-				
Unabsorbed capital allowances	423,000	29,479	-	-
Unutilised tax losses	2,102,117	2,049,000	2,102,117	2,049,000
	<u>2,525,117</u>	<u>2,078,479</u>	<u>2,102,117</u>	<u>2,049,000</u>
	<u>10,105,706</u>	<u>17,391,588</u>	<u>10,105,706</u>	<u>18,088,896</u>

No deferred tax assets are recognised on the following items:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Unabsorbed capital allowances	2,210,000	1,957,000	-	-
Unutilised tax losses	13,608,000	11,888,000	-	-
	<u>15,818,000</u>	<u>13,845,000</u>	<u>-</u>	<u>-</u>

#### 24. TRADE PAYABLES

The normal trade credit terms granted to the Group and to the Company range from 60 to 90 days.

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#### 25. OTHER PAYABLES AND ACCRUALS

Included in the other payables and accruals is the following item:

	THE GROUP/ THE COMPANY	
	2010	2009
	RM	RM
Accrued compensation to bungalow lot purchasers and settlement of charges in respect of the disposal of properties	15,000,000	-
Deposit received from a related party for a land disposal	-	2,222,000
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A related party refers to a company in which a person connected to a director has a substantial financial interest.

#### 26. AMOUNT OWING TO RELATED PARTIES

Related parties refer to companies in which a person connected to a director is a common director and has a substantial financial interest.

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

#### 27. AMOUNT OWING TO A DIRECTOR

The amount owing is non-trade in nature, unsecured, interest free and repayable on demand. The amount owing is to be settled in cash.

#### 28. REVENUE

Revenue of the Group and of the Company represents sale proceeds receivable from the sale of land.

#### 29. OTHER INCOME

Included in other income of the Group and of the Company is a waiver of debt of RM42,760,085 (2009 – RM Nil) granted by the ultimate holding company.

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### 30. FINANCE COSTS

Included in finance costs of the Group and of the Company is interest expense of RM32,532,813 (2009 - RM9,087,939) charged by the ultimate holding company.

### 31. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM (Restated)	2010 RM	2009 RM
Audit fee				
- for the financial year	10,600	7,900	8,500	4,800
- underprovision in the previous financial year	1,200	1,100	1,200	600
Bad debts written off	709,623	-	709,623	-
Development costs written off	1,471,394	187,340	-	-
Impairment loss on investment in a subsidiary	-	-	250,000	25,000
Interest expense:				
- charged by the ultimate holding company	32,532,813	9,087,939	32,532,813	9,087,939
- profits payable	-	1,681,820	-	1,681,820
Inventories written off	824,729	-	824,729	-
(Gain)/Loss on strikeoff of a subsidiary	(6,484)	-	2	-
Accrued compensation to bungalow lot purchasers and settlement of charges in respect of the disposal of properties	15,000,000	-	15,000,000	-
Staff costs	26,435	-	26,435	-
(Writeback)/Writedown of amount owing by subsidiaries	-	-	(219,035)	455,000
Rental income	(77,250)	(72,000)	(77,250)	(72,000)
Reversal of service charges	(399,737)	-	(399,737)	-
Waiver of profits payable	(2,662,881)	-	(2,662,881)	-
Waiver of debt	(42,760,085)	-	(42,760,085)	-

# HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

### 32. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Continuing Operations				
Deferred tax expense (Note 23):				
- for the financial year	(5,697,506)	(1,203,273)	(5,697,506)	(1,203,273)
- overprovision in the previous financial year	(1,588,376)	-	(2,285,684)	-
	<u>(7,285,882)</u>	<u>(1,203,273)</u>	<u>(7,983,190)</u>	<u>(1,203,273)</u>

During the current financial year, the statutory tax rate remained at 25%, as announced in the Malaysian Budget 2008.

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before taxation from:				
- continuing operations	13,272,448	(10,568,352)	14,711,132	(10,852,701)
- discontinued operations (Note 17)	(472,990)	(502,077)	-	-
	<u>12,799,458</u>	<u>(11,070,429)</u>	<u>14,711,132</u>	<u>(10,852,701)</u>

## HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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#### 32. INCOME TAX EXPENSE (CONT'D)

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Tax at the statutory tax rate of 25%	3,199,865	(2,767,607)	3,677,783	(2,713,175)
Tax effects:-				
Effect of change in tax rate on opening balance of deferred tax	-	86,069	-	86,069
Non-deductible expenses	8,287,868	2,795,457	8,284,372	2,815,903
Non-taxable income	(11,886,189)	-	(11,937,201)	-
Deferred tax assets not recognised during the financial year	423,410	74,878	-	-
Utilisation of deferred tax assets not recognised in previous financial years	-	(1,392,070)	-	(1,392,070)
Reversal of deferred tax in respect of properties disposed of	(5,722,460)	-	(5,722,460)	-
Overprovision of deferred tax in the previous financial year	(1,588,376)	-	(2,285,684)	-
Tax for the financial year	<u>(7,285,882)</u>	<u>(1,203,273)</u>	<u>(7,983,190)</u>	<u>(1,203,273)</u>

## HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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#### 33. DEEMED DISPOSAL OF A SUBSIDIARY

On 17 September 2009, the Board of Directors resolved to consent to the application to strike off Enchant Delight Sdn. Bhd., a wholly-owned subsidiary of the Company from the Companies Commission of Malaysia. The said company has been struck off and dissolved pursuant to Section 308(2) of the Companies Act 1965 on 22 March 2010.

The effects of the deemed disposal of the subsidiary on the financial position of the Group at the end of the financial year are as follows:-

	THE GROUP	
	2010 RM	2009 RM
Current liabilities	(6,484)	-
Increase in net assets of the Group	(6,484)	-

The details of net liabilities disposed and cash flow arising from the deemed disposal of the subsidiary are as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Current liabilities	(6,484)	-
Fair value of net liabilities disposed	(6,484)	-
Gain on strikeoff of a subsidiary	6,484	-
Net cash movement for deemed disposal of a subsidiary	-	-

# HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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### 34. INCREASE/DECREASE IN TRADE AND OTHER RECEIVABLES

The increase/decrease in trade and other receivables is arrived at after adjusting for the following items:-

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Sale proceeds receivable from disposal of golf course and chalets	13,525,092	-	13,525,092	-
Bad debts written off	709,623	-	703,139	-
	<u>13,525,092</u>	<u>-</u>	<u>13,525,092</u>	<u>-</u>

### 35. DECREASE/INCREASE IN TRADE AND OTHER PAYABLES

The decrease/increase in trade and other payables is arrived at after adjusting for the following items:-

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Interest expense accrued	-	1,681,820	-	1,681,820
Deposits forfeited	-	66,902	-	-
Deemed disposal of a subsidiary	6,484	-	-	-
Discount given by other payables	12,398	-	-	-
Reversal of service charge	399,737	-	399,737	-
Waiver of profits payable	2,662,881	-	2,662,881	-
	<u>2,662,881</u>	<u>-</u>	<u>2,662,881</u>	<u>-</u>

## HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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#### 36. ADVANCES TO SUBSIDIARIES

The balance of the advances to subsidiaries is arrived at after adjusting for the following items:-

	THE COMPANY	
	2010 RM	2009 RM
Writedown of amount owing by subsidiaries	-	455,000
Bad debts written off	6,484	-
Writeback of amount owing by subsidiaries	219,035	-
Purchase of golf course and chalets	13,525,092	-
	<hr/>	<hr/>

#### 37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2010 RM	2009 RM
Cost of property, plant and equipment purchased	1,241,343	662,912
Amount financed through hire purchase	-	(87,515)
	<hr/>	<hr/>
Cash disbursed for purchase of property, plant and equipment	1,241,343	575,397
	<hr/>	<hr/>

# HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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### 38. REPAYMENT TO/ADVANCES FROM ULTIMATE HOLDING COMPANY

The balance of the repayment to/advances from the ultimate holding company is arrived at after adjusting for the following items:-

	THE GROUP/THE COMPANY	
	2010 RM	2009 RM
Interest expense charged by the ultimate holding company	32,532,813	9,087,939
Waiver of debt by the ultimate holding company	42,760,085	-

### 39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group and/or the Company have related party relationships with:-

- (i) its immediate holding company, Tegas Consolidated Sdn. Bhd. and its ultimate holding company, KYM Holdings Bhd;
- (ii) its subsidiaries as disclosed in Note 7 to the financial statements;
- (iii) its fellow subsidiaries; and
- (iv) companies in which a person connected to a director is a common director and/or has a substantial financial interest.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:-

(i) Holding company

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense charged by the ultimate holding company	32,532,813	9,087,939	32,532,813	9,087,939
Waiver of debt by the ultimate holding company	42,760,085	-	42,760,085	-

# HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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

(ii) Subsidiaries

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Purchase of golf course and chalets	-	-	13,525,092	-

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### 40. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

On 11 June 2009, the Company and KYM Holdings Bhd ("KYM"), the ultimate holding company, entered into a conditional Sale and Purchase Agreement with Vale International S.A. ("Vale") for the following:-

- (a) to dispose of sixteen (16) parcels of leasehold land to Vale for an aggregate cash consideration of approximately RM 101.9 million; and
- (b) the proposed grant of an option to Vale to purchase from the Company an additional thirteen (13) parcels of leasehold properties ("Option Properties") for an aggregate cash consideration of approximately RM93.8 million.

The disposal as referred to in (a) above has been completed during the current financial year.

Subsequent to the balance sheet date, Vale has exercised its option to purchase the Option Properties by paying an option fee of approximately RM9.4 million to the stakeholder. Consequently, on 31 March 2010, the Company and KYM had entered into a conditional Sale and Purchase Agreement ("the Agreement") with Vale Malaysia Manufacturing Sdn Bhd, a nominee appointed by Vale for the purpose of entering into this agreement, for the disposal of the Option Properties for an aggregate cash consideration of approximately RM93.8 million. The Agreement has not been completed at the date the financial statements were authorised for issue by the Board of Directors.

# HARTA MAKMUR SDN. BHD.

(Incorporated in Malaysia)

Company No : 95640 - V

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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### 41. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

#### (a) Long-term Borrowings

The carrying amounts of the long-term borrowings approximated their fair values. The fair values of the long-term borrowings are determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

#### (b) Bank Balances and Other Short Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

### 42. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:

	THE GROUP	
	As Restated RM	As Previously Reported RM
INCOME STATEMENTS (EXTRACT):-		
Revenue	-	1,635,959
Cost of sales	-	(1,698,721)
Other income	420,921	487,823
Selling and distribution expenses	-	(19,431)
Administrative expenses	(31,474)	(287,342)
Other expenses	(188,040)	(416,838)
Finance costs	(10,769,759)	(10,771,879)
Loss for the financial year from discontinued operations	(502,077)	-

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**VALUATION CERTIFICATES ON THE TELUK BATIK LANDS**


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## DIRECTORS

**Nur Ibrahim Masi**

B. Sc (Hons) Land Admin. (Lon)  
 MBA (Finance) (Lon)  
 M.R.I.C.S., F.I.S.M. Registered Valuer

**C. Mohan**

B. Sc (Hons) Estate Management  
 M.R.I.C.S., M.I.S.M. Registered Valuer

**Jamsari Mohamad Aris**

B. Business (Val & Land Econ)  
 M.R.I.C.S., M.I.S.M. Registered Valuer

**TD AZIZ SDN. BHD.**

(Company No. 65217 A)

(VE(1)0019)

In association with

**International Property Consultants  
 & Chartered Surveyors**

16<sup>th</sup> Floor, Menara Etiqa,  
 No. 23, Jalan Melaka, 50100 Kuala Lumpur.  
 Tel : 03-26921299 (10 Lines)  
 Fax : 03-26928479  
 E-mail : tdaziz@po.jaring.my

**Our Ref : VI/004/MR11/SC**

9th March 2011

**The Directors****KYM Holdings Bhd.**

No. 12, Lorong Medan Tuanku Satu,  
 50300 Kuala Lumpur.

Dear Sirs,

**VALUATION CERTIFICATE**

**MARKET VALUE OF LOT NO. 6927,  
 MUKIM OF LUMUT, DISTRICT OF MANJUNG, PERAK DARUL RIDZUAN.  
 (A PARCEL OF CONVERTED DEVELOPMENT LAND ZONED FOR COMMERCIAL  
 USE)**

This Valuation Certificate has been prepared for inclusion in the Circular to Shareholders to  
 KYM to be dated ..... 6 June 2011

In accordance with the instruction's from KYM Holdings Bhd. ("KYM"), we have valued the property vide our valuation report bearing Reference No. VI/004/MR11/SC dated 9th March 2011 for the purpose of submission to Bursa Malaysia Securities Berhad for the proposed acquisition by KYM of 400,000 ordinary shares of RM1.00 each in Harta Makmur Sdn Bhd ("Harta Makmur") representing 40% of the issued and paid-up share capital of Harta Makmur from RAS Sdn Bhd for a cash consideration of RM41 million ("Proposed Acquisition").

The material date of valuation is at 9<sup>th</sup> March 2011.

The valuation report has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Boards of Valuers, Appraisers and Estate Agents, Malaysia.

CM/NAO/ita

Ref : VI/004/MR11/SC

Cont/-

**JOHOR BAHRU BRANCH**

Suite 15-04, 15<sup>th</sup> Floor, City Plaza, No. 21, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim. Tel: 07-2765399 Fax: 07-2765398 E-mail: tdazizjb@po.jaring.my

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Brief details of the property are as follows:

Address / Property identification	Lot 6927 Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan.
Title Land Area	21,699 square metres (approximately 5.3619 acres)
Tenure / Interest valued	Leasehold interest for a term of 99 years expiring on 14 <sup>th</sup> March 2089.
Registered Owners	Harta Makmur Sdn Bhd
Existing use	Vacant
Category of Land Use	"Bangunan"
Express Condition	Perniagaan – Hotel.
Location	The subject property is located within the locality of Teluk Batik. It is sited about 8 kilometres south-west of Pekan Lumut and west of Bandar Sri Manjung whilst Ipoh town is located about 85 kilometres to the east. It is accessible from Pekan Lumut/Bandar Sri Manjung via Jalan Sitiawan-Lumut, Jalan Teluk Muroh and Jalan Teluk Batik.
Description of Property	<p>The subject property is generally flat in terrain and overgrown with undergrowth, bushes, shrubs and wild trees.</p> <p><b>Public road cutting through the site</b></p> <p>During our inspection, we noted that the road that linked Teluk Muroh – Teluk Batik has been constructed on the subject site. Our enquiries with Jabatan Kerja Raya (JKR) Daerah Manjung and Planning Department, Majlis Daerah Manjung revealed that this road has already been in existence for quite sometime and to date, no compulsory acquisition or any other arrangement was done to the subject site. However, we were further informed that any application to develop the subject site should retain the road as it is.</p> <p>Based on the site inspection and information provided by the above agencies, we have estimated about 35% or 1.8767 acres is currently being used as a public road and also need to given up for public park, leaving a net developable area of about 3.4852 acres.</p>

Planning details	Our enquiries at the Jabatan Perancang Bandar dan Desa, Majlis Perbandaran Manjung revealed that the subject property is zoned for tourism development. This statement also has been supported with the zoning plan prepared by Majlis Perbandaran Manjung, i.e., 'Pelan Blok Rancangan Tempatan Lumut - Seri Manjung 2006-2015 dan Rancangan Tempatan Sitiawan - Ayer Tawar 2006-2015 (Pengubahan)'.
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## BASIS OF VALUATION

This valuation is carried out for purposes of submission to the Bursa Malaysia Securities Berhad. We, therefore, in our valuation, provide the **Market Value** which is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

No allowances are made in our valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoings.

## METHOD OF VALUATION

In arriving at our opinion of the market value, we have only used the **Comparison Method** whereby comparison is made of the properties under valuation with sales of other similar properties where the characteristics, benefits and restrictions of the comparable properties, as well as the conditions under which they were transacted are noted and adjusted accordingly to arrive at our opinion of value.

Although in Chapter 5 – Contents of Valuation Report under – (5.21) Valuation approach and Method of Valuation in the Asset Valuation Guidelines issued by the Securities Commission it is stated that the valuer shall use at least two methods of valuation in arriving at the market value for the subject property, we in our valuation, in the absence of the proposed development/layout plan for improvement of the land, we have only adopted a single method of valuation approach, i.e., the comparison method which is the most appropriate and commonly accepted method for such properties which are presently vacant and undeveloped. In addition, we also have sufficient comparables for vacant development land in the nearby vicinity.

**COMPARISON METHOD**

The details of the sales evidences used for the valuation are as follows:

	(1)	(2)	(3)	(4)	(5)
Property type	A vacant parcel of development land, fronting Straits of Melaka and located at Teluk Muroh	A vacant parcel industrial land located within Teluk Rubiah Resort	A vacant parcel of agricultural land zoned for residential use and located off Jalan Teluk Muroh	A vacant parcel agriculture land zoned for residential use and next to Venice Manjung	A vacant parcel agriculture land zoned for residential use, and located within Kg Bintang
Address	Lot 2056, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 6937, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 4962, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 1929, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 12168, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Land area	2,3900 hectares (5,9057 acres)	16,5210 hectares (40,8234 acres)	2,7970 hectares (6,9114 acres)	1,1100 hectares (2,7428 acres)	0,8100 hectares (2,0015 acres)
Tenure	Freehold	Leasehold interest for a term of 99 years expiring on 14 <sup>th</sup> March 2089	Freehold	Freehold	Freehold
Transacted price	160/945 share for RM250,000.00 (full share at RM1,478,562.50)	RM10,492,066.38	1/1 share for RM2,287,300.00	1/1 share for RM986,000.00	1/1 share RM500,000.00
Date of transaction	28 <sup>th</sup> May 2010	31 <sup>st</sup> March 2010	30 <sup>th</sup> April 2010	18 <sup>th</sup> March 2010	19 <sup>th</sup> February 2010
Land Value (per acre)	RM250,023.28 per acre	RM257,011.09 per acre	RM328,052.50 per acre	RM250,109.38 per acre	RM249,812.64 per acre
Land value after adjustments					
Adjustment for Lot 6917	RM327,828.03 per acre	RM346,964.97 per acre	RM362,222.12 per acre	RM310,680.87 per acre	RM318,932.05 per acre

Remarks	Upward adjustment is made for location, land size, zoning, land use, restriction (Malay Reservation area), part share transaction and time factor. The comparable is unconverted development land and has a bigger land area.	Upward adjustment is made for location, land size, zoning and time factor. The comparable is converted industrial development land and has a bigger land area.	Upward adjustment is made for location, land size, zoning, land use and time factor. The comparable is unconverted development land and has a bigger land area.	Upward adjustment is made for location, zoning, land use, access and time factor. Downward adjustment made for land size. The comparable is unconverted development land and has a smaller land area.	Upward adjustment is made for location, zoning, land use and time factor. Downward adjustment made for the land size. The comparable is unconverted development land and has a smaller land area.
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**NOTES TO VALUATION**

In the above comparables, the adjusted rates range from RM310,680.87 per acre to RM362,222.12 per acre. However, we are of the opinion that amongst all the comparables, Comparable 1 was considered as the best suited for the subject property. Comparable 1 was considered after taking into account that the subject property is similar in characteristics in terms of potential development, similarity of being ready for immediate development as well as located at the suitable place for their respective use.

Comparable 1 was transacted for RM250,023.28 per acre. Upward adjustments had been made after taking into consideration that the subject property is located in a better location, smaller land area, zoned for tourism use, part share transaction as well as time factor. The above factors leads to our adjusted value of RM327,828.03 per acre. As such, we have adopted RM325,000.00 per acre is a fair market value.

However, due to the remaining land size became smaller for an optimum commercial (hotel) development and that portion which is used a public road and designated for a public park has to be surrendered on development of the site, we have made an adjustment to exclude 35% or 1.8767 acres from the title land area of about 5.3619 acres, leaving a net developable area of 3.4852 acres. Taking this factor into consideration, in deriving at our opinion of market value, we have adopted 3.4852 acres as our subject of valuation.

**OPINION OF VALUE**

Having regard to the foregoing, our opinion of the market value of the unexpired leasehold interest of about 78 years in Lot 6927, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan, held under title no. PN 210061 (a parcel of converted development land zoned for tourism development use), with vacant possession and on the basis the title is free from all encumbrances, good, marketable and registrable is RM1,130,000.00 (Ringgit Malaysia One Million One Hundred and Thirty Thousand Only).

Yours faithfully,  
**TD AZIZ SDN BHD**



**CHOCKALINGAM P. MOHAN, MIS(M)**

**REGISTERED VALUER - V365**

CM/NAO/ita

Date of valuation: 9<sup>th</sup> March 2011.

DIRECTORS

**Nur Ibrahim Masi**

B. Sc (Hons) Land Admin. (Lon)  
MBA (Finance) (Lon)  
M.R.I.C.S., F.I.S.M. Registered Valuer

**C. Mohan**

B. Sc (Hons) Estate Management  
M.R.I.C.S., M.I.S.M. Registered Valuer

**Jamsari Mohamad Aris**

B. Business (Val & Land Econ)  
M.R.I.C.S., M.I.S.M. Registered Valuer



**TD AZIZ SDN. BHD.**

(Company No. 65217 A)

(VE(1)0019)

In association with



**International Property Consultants  
& Chartered Surveyors**

16<sup>th</sup> Floor, Menara Etiqa,  
No. 23, Jalan Melaka, 50100 Kuala Lumpur.  
Tel : 03-26921299 (10 Lines)  
Fax : 03-26928479  
E-mail : tdaziz@po.jaring.my

**Our Ref : VI/005/MR11/SC**

9th March 2011

**The Directors**

**KYM Holdings Bhd.**

No. 12, Lorong Medan Tuanku Satu,  
50300 Kuala Lumpur.

Dear Sirs,

**VALUATION CERTIFICATE**

**MARKET VALUE OF PT 4116,  
MUKIM OF LUMUT, DISTRICT OF MANJUNG, PERAK DARUL RIDZUAN.  
(A PARCEL OF RESIDENTIAL DEVELOPMENT LAND)**

This Valuation Certificate has been prepared for inclusion in the Circular to Shareholders to  
KYM to be dated .....  
6 June 2011

In accordance with the instruction's from KYM Holdings Bhd. ("KYM"), we have valued the property vide our valuation report bearing Reference No. VI/005/MR11/SC dated 9th March 2011 for the purpose of submission to Bursa Malaysia Securities Berhad for its consideration/approval in conjunction with the proposed acquisition by KYM of 400,000 ordinary shares of RM1.00 each in Harta Makmur Sdn Bhd ("Harta Makmur") representing 40% of the issued and paid-up share capital of Harta Makmur from RAS Sdn Bhd for a cash consideration of RM41 million ("Proposed Acquisition").

The material date of valuation is at 9<sup>th</sup> March 2011.

The valuation report has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Boards of Valuers, Appraisers and Estate Agents, Malaysia.

CM/NAO/ita

Ref : VI/005/MR11/SC

...Cont/-

**JOHOR BAHRU BRANCH**

Suite 15-04, 15<sup>th</sup> Floor, City Plaza, No. 21, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim. Tel: 07-2765399 Fax: 07-2765398 E-mail: tdazizjb@po.jaring.my

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France • Germany • Italy • Netherlands • Austria • Belgium • Czech Republic • Estonia • Poland • Spain • Canada • USA

Brief details of the property are as follows:

Address / Property identification	PT 4116, Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan.
Title Land Area	2,808.4599 square metres (30,231 square feet)  <b>Note :</b> <b>We wish to draw attention that the subject site for PT 4116 had been surveyed and ascribed a new Lot No. 2000, Mukim of Lumut as per Certificate Plan No. 64304 with a final surveyed land area of 2,808 square metres. As such, in arriving at our opinion of value we have adopted the surveyed land area of 2,808 square metres (30,225 square feet).</b>
Tenure / Interest valued	Leasehold interest for a term of 99 years expiring on 20 <sup>th</sup> December 2089.
Registered Owners	Harta Makmur Sdn Bhd
Existing use	Vacant
Category of Land Use	"Bangunan".
Express Condition	Kediaman – Sebuah rumah kediaman.
Location	The subject property is located in the locality of Teluk Rubiah and close to Sri Manjung area. It is sited about 5 kilometres west of Bandar Sri Manjung, 9 kilometres north-east of Sitiawan town centre, about 11 kilometres by road south east of Lumut town, 83 kilometres due south west of Ipoh city centre and about 288 kilometres north- west from Kuala Lumpur city centre.
Description of Property	The land is generally flat in terrain except on the western part which is sloping upwards to the western boundary. We also noted that the land was generally overgrown with undergrowth, lalang, bushes, shrubs and wild trees.
Planning Details	Our enquiries at the Jabatan Perancang Bandar dan Desa, Majlis Perbandaran Manjung revealed that the subject property is zoned for residential use as per the title.

## **BASIS OF VALUATION**

This valuation is carried out for purposes of submission to the Bursa Malaysia Securities Berhad. We, therefore, in our valuation, provide the **Market Value** which is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

No allowances are made in our valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoings.

## **METHOD OF VALUATION**

In arriving at our opinion of the market value, we have only used the **Comparison Method** whereby comparison is made of the properties under valuation with sales of other similar properties where the characteristics, benefits and restrictions of the comparable properties, as well as the conditions under which they were transacted are noted and adjusted accordingly to arrive at our opinion of value.

Although in Chapter 5 – Contents of Valuation Report under – (5.21) Valuation approach and Method of Valuation in the Asset Valuation Guidelines issued by the Securities Commission it is stated that the valuer shall use at least two methods of valuation in arriving at the market value for the subject property, we in our valuation, in the absence of the proposed development/layout plan for improvement of the land, we have only adopted a single method of valuation approach, i.e., the comparison method which is the most appropriate and commonly accepted method for such properties which are presently vacant and undeveloped. In addition, we also have sufficient comparables for vacant development land in the nearby vicinity.

**COMPARISON METHOD**

The details of the sales evidences used for the valuation are as follows:

	(1)	(2)	(3)	(4)	(5)
Property type	A vacant parcel of development land, located at Teluk Muroh	A vacant parcel agricultural land zoned for residential use	A parcel of agriculture land zoned for residential use and located Off Jalan Teluk Muroh	A vacant parcel of agriculture land zoned for residential use and next to Venice Manjung	A vacant parcel agriculture land zoned for residential use, and located within Kg Bintarng, Sitiawan.
Address	Lot 2058, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 2553, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 4962, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 1928, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 12168, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Land area	2.3900 hectares (5.9057 acres)	1.9450 hectares (4.8061 acres)	2.7970 hectares (6.9114 acres)	1.1100 hectares (2.7426 acres)	0.8100 hectares (2.0015 acres)
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Transacted price	160/245 share for RM250,000.00 (full share at RM1,476,592.50)	1/1 share RM672,840.00	1/1 share for RM2,267,300.00	1/1 share for RM666,000.00	1/1 share RM500,00.00
Date of transaction	28 <sup>th</sup> May 2010	31 <sup>st</sup> May 2010	30 <sup>th</sup> April 2010	18 <sup>th</sup> March 2010	19 <sup>th</sup> February 2010
Land Value (psf)	RM5.74 per square foot	RM3.21 per square foot	RM7.53 per square foot	RM5.74 per square foot	RM5.73 per square foot
Land value after adjustments					
Adjustment for PT 4116	RM3.96 per square foot	RM3.22 per square foot	RM3.90 per square foot	RM3.37 per square foot	RM3.56 per square foot

-5-

Remarks	Upward adjustment is made for land size, land use, restriction (Malay Reservation area), part share transaction and time factor. Downward adjustment is made for location, access and terrain. The comparable is unconverted development land and has a bigger land area.	Upward adjustment is made for land size, land use and time factor. Downward adjustment is made for location, access and terrain. The comparable is unconverted development land and has a bigger land area.	Upward adjustment is made for land size, land use and time factor. Downward adjustment is made for location, access and terrain. The comparable is unconverted development land and has a bigger land area.	Upward adjustment is made for land size, land use and time factor. Downward adjustment is made for location, access and terrain. The comparable is unconverted development land and has a bigger land area.
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**NOTES TO VALUATION**

From the adjusted values, we noted that the values derived range from RM3.22 per square foot to RM3.96 per square foot. However, we are of the opinion that amongst all the comparables, comparable 5 is the best suited for the subject property. The reason being that this transaction were vacant parcel of development land, situated close to subject property and sharing similar characteristic environment.

Comparable 5 was transacted for RM5.73 per square foot. Although this comparable has a bigger land area, it is situated in a better location with proper access, flat in terrain and freehold in tenure. As the subject property is located within an undeveloped area with no proper access, partly hilly and leasehold in tenure, our justification in lowering the market value is undoubtedly reasonable. Taking these factors into consideration, the rate of RM3.50 per square foot used is considered fair.

As such, it is our conclusion that RM 3.50 per square foot is the fair market value of the subject property.

**OPINION OF VALUE**

Having regard to the foregoing, our opinion of the market value of the unexpired leasehold interest of about 78 years in PT 4116, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan, held under title no. HSD 489 (a parcel of residential development land), with vacant possession and on the basis the title is free from all encumbrances, good, marketable and registrable is RM100,000.00 (Ringgit Malaysia One Hundred Thousand Only).

Yours faithfully,  
**TD AZIZ SDN BHD**



**CHOCKALINGAM P. MOHAN, MIS(M)**

**REGISTERED VALUER - V365**

CM/NAO/ita

Date of valuation: 9<sup>th</sup> March 2011.

DIRECTORS

**Nur Ibrahim Masi**

B. Sc (Hons) Land Admin. (Lon)  
MBA (Finance) (Lon)  
M.R.I.C.S., F.I.S.M. Registered Valuer

**C. Mohan**

B. Sc (Hons) Estate Management  
M.R.I.C.S., M.I.S.M. Registered Valuer

**Jamsari Mohamad Aris**

B. Business (Val & Land Econ)  
M.R.I.C.S., M.I.S.M. Registered Valuer



**TD AZIZ SDN. BHD.**

(Company No. 65217 A)

(VE(1)0019)

In association with

**KingSturge**

**International Property Consultants  
& Chartered Surveyors**

16<sup>th</sup> Floor, Menara Etiqa,  
No. 23, Jalan Melaka, 50100 Kuala Lumpur.  
Tel : 03-26921299 (10 Lines)  
Fax : 03-26928479  
E-mail : tdaziz@po.jaring.my

**Our Ref : VI/003/MR11/SC**

**9<sup>th</sup> March 2011**

**The Directors**

**KYM Holdings Bhd.**

No. 12, Lorong Medan Tuanku Satu,  
50300 Kuala Lumpur.

Dear Sirs,

**VALUATION CERTIFICATE**

**MARKET VALUE OF LOT NO. 6917,  
MUKIM OF LUMUT, DISTRICT OF MANJUNG, PERAK DARUL RIDZUAN.  
(A PARCEL OF CONVERTED DEVELOPMENT LAND ZONED FOR TOURISM USE)**

This Valuation Certificate has been prepared for inclusion in the Circular to Shareholders to KYM to be dated 6 June 2011.

In accordance with the instruction's from KYM Holdings Bhd. ("KYM"), we have valued the property vide our valuation report bearing Reference No. VI/003/MR11/SC dated 9th March 2011 for the purpose of submission to Bursa Malaysia Securities Berhad for the proposed acquisition by KYM of 400,000 ordinary shares of RM1.00 each in Harta Makmur Sdn Bhd ("Harta Makmur") representing 40% of the issued and paid-up share capital of Harta Makmur from RAS Sdn Bhd for a cash consideration of RM41 million ("Proposed Acquisition").

The material date of valuation is at 9<sup>th</sup> March 2011.

The valuation report has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Boards of Valuers, Appraisers and Estate Agents, Malaysia.

CM/NAO/ita

Ref : VI/003/MRR11/SC

Cont/-

**JOHOR BAHRU BRANCH**

Suite 15-04, 15<sup>th</sup> Floor, City Plaza, No. 21, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim. Tel: 07-2765399 Fax: 07-2765398 E-mail: tdazizjb@po.jaring.my

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Brief details of the property are as follows:

Address / Property identification	Lot 6917, Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan.
Title Land Area	286,746 square metres (approximately 70.856 acres)
Tenure / Interest valued	Leasehold interest for a term of 99 years expiring on 14 <sup>th</sup> March 2089.
Registered Owners	Harta Makmur Sdn Bhd
Existing use	Vacant
Category of Land Use	"Bangunan"
Express Condition	Kediaman – Sebuah rumah kediaman.
Location	The subject property is located within the locality of Teluk Batik. It is sited about 8 kilometres south-west of Pekan Lumut and west of Bandar Sri Manjung whilst Ipoh town is located about 85 kilometres to the east. It is accessible from Pekan Lumut/Bandar Sri Manjung via Jalan Sitiawan-Lumut, Jalan Teluk Muroh and Jalan Teluk Batik.
Description of Property	<p>The subject property is generally is hilly and undulating in terrain. It also was generally overgrown with bushes and wild trees.</p> <p><b>Public road cutting through the site</b></p> <p>During our inspection, we noted that the road that linked Teluk Muroh – Teluk Batik has been constructed on the subject site. Our enquiries with Jabatan Kerja Raya (JKR) Daerah Manjung and Planning Department, Majlis Daerah Manjung revealed that this road has already been in existence for quite sometime and to date, no compulsory acquisition or any other arrangement was done to the subject site. However, we were further informed that any application to develop the subject site should retain the road as it is.</p> <p>Lot 6917 with a land area of about 70.856 acres, the existing road linking Teluk Muroh – Teluk Batik traversing the subject property which is estimated approximately 5% or 3.543 acres, leaving a net developable area of about 67.313 acres.</p>
Planning details	Our enquiries at the Jabatan Perancang Bandar dan Desa, Majlis Perbandaran Manjung revealed that although the title to subject property is designated for residential use, the locality is now zoned for tourism development. We were also informed that tourism development on site are preferred and encouraged by the local authority.

## **BASIS OF VALUATION**

This valuation is carried out for purposes of submission to the Bursa Malaysia Securities Berhad. We, therefore, in our valuation, provide the **Market Value** which is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

No allowances are made in our valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoings.

## **METHOD OF VALUATION**

In arriving at our opinion of the market value, we have only used the **Comparison Method** whereby comparison is made of the properties under valuation with sales of other similar properties where the characteristics, benefits and restrictions of the comparable properties, as well as the conditions under which they were transacted are noted and adjusted accordingly to arrive at our opinion of value.

Although in Chapter 5 – Contents of Valuation Report under – (5.21) Valuation approach and Method of Valuation in the Asset Valuation Guidelines issued by the Securities Commission it is stated that the valuer shall use at least two methods of valuation in arriving at the market value for the subject property, we in our valuation, in the absence of the proposed development/layout plan for improvement of the land, we have only adopted a single method of valuation approach, i.e., the comparison method which is the most appropriate and commonly accepted method for such properties which are presently vacant and undeveloped. In addition, we also have sufficient comparables for vacant development land in the nearby vicinity.

**COMPARISON METHOD**

The details of the sales evidences used for the valuation are as follows:

	(1)	(2)	(3)	(4)	(5)
Property type	A vacant parcel of development land, fronting Straits of Melaka and located at Teluk Muroh	A vacant parcel industrial land located within Teluk Rubiah Resort	A vacant parcel of agricultural land zoned for residential used and located off Jalan Teluk Muroh	A vacant parcel agriculture land zoned for residential use and next to Venice Manjung	A vacant parcel agriculture land zoned for residential use, and located within Kg Bintang
Address	Lot 2058, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 6937, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 4962, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 1928, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan	Lot 12168, Mukim of Sitiawan, District of Manjung, Perak Darul Ridzuan
Land area	2.3600 hectares (5.9057 acres)	16.5210 hectares (40.8234 acres)	2.7970 hectares (6.9114 acres)	1.1100 hectares (2.7428 acres)	0.8100 hectares (2.0015 acres)
Tenure	Freehold	Leasehold interest for a term of 99 years expiring on 14 <sup>th</sup> March 2089	Freehold	Freehold	Freehold
Transacted price	160/945 share for RM250,000.00 (full share at RM1,476,562.50)	1/1 share for RM10,492,066.38	1/1 share for RM2,267,300.00	1/1 share for RM686,000.00	1/1 share RM500,000.00
Date of transaction	28 <sup>th</sup> May 2010	31st March 2010	30 <sup>th</sup> April 2010	18th March 2010	19 <sup>th</sup> February 2010
Land Value (per acre)	RM250,023.28 per acre	RM257,011.09 per acre	RM328,052.50 per acre	RM250,109.38 per acre	RM249,812.64 per acre
Land value after adjustments					
Adjustment for Lot 6917	RM207,048.28 per acre	RM218,459.42 per acre	RM228,388.83 per acre	RM207,120.59 per acre	RM198,255.09 per acre

Remarks	Upward adjustment is made for zoning, land use, restriction (Maiey Reservation area), part share transaction and time factor. Downward adjustment is made for location, land size and terrain. The comparable is unconverted development land and has a smaller land area.	Upward adjustment is made for location, zoning and time factor. Downward adjustment is made for land size and terrain. The comparable is converted industrial development land and has a smaller land area.	Upward adjustment is made for location, zoning, land use and time factor. Downward adjustment is made for land size and terrain. The comparable is unconverted development land and has a smaller land area.	Upward adjustment is made for location, zoning, land use, access and time factor. Downward adjustment is made for land size and terrain. The comparable is unconverted development land and has a smaller land area.	Upward adjustment is made for location, zoning, land use, access and time factor. Downward adjustment is made for land size and terrain. The comparable is unconverted development land and has a smaller land area.
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**NOTES TO VALUATION**

In the above comparables, the adjusted rates range from RM198,255.06 per acre to RM226,388.83 per acre. In our opinion, Comparable 1 is the best guide insofar as recorded transaction is considered. Comparable 1 was considered after taking into account that the subject property has similarity of being easy accessible, nearby to the subject property, similar leasehold in tenure and located at the suitable place for their respective use.

Comparable 1 was transacted for RM250,023.28 per acre. Upward adjustments had been made after taking into consideration that the subject property is located within an area zoned for tourism use, converted land use, restriction, part share transaction as well as time factor. Downward adjustments had been made as the subject property having a much larger land area of about 70.856 acres and hilly in terrain. The above reasons are crucial in deriving the adjusted value of RM207,049.28 per acre. As such, we have adopted RM210,000.00 per acre is a fair market value.

However, due to the remaining land size became slightly smaller due to the existing public road which has to be surrendered on development, we have made an adjustment to exclude 5% or 3.543 acres from the title land area of about 70.856 acres, leaving a net developable area of 67.313 acres. Taking this factor into consideration, in deriving at our opinion of market value, we have adopted 67.313 acres as our subject of valuation.

**OPINION OF VALUE**

Having regard to the foregoing, our opinion of the market value of the unexpired leasehold interest of about 78 years in Lot 6917, Mukim of Lumut, District of Manjung, Perak Darul Ridzuan, held under title no. PN 210048 (a parcel of converted development land zoned for tourism development use), with vacant possession and on the basis the title is free from all encumbrances, good, marketable and registrable is RM14,000,000.00 (Ringgit Malaysia Fourteen Million Only).

Yours faithfully,  
TD AZIZ SDN BHD



**CHOCKALINGAM P. MOHAN, MIS(M)**

**REGISTERED VALUER - V365**

CM/NAO/ita

Date of valuation: 9<sup>th</sup> March 2010.

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**DIRECTORS' REPORT**

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**HARTA MAKMUR SDN. BHD.**

(A member of KYM Holdings Bhd) (Co. No. 95640-V)

Date: 6 June 2011

To: The Shareholders of KYM Holdings Bhd.

Dear Sir/Madam,

On behalf of the Board of Directors of Harta Makmur Sdn Bhd ("Harta Makmur") ("Board"), I wish to report that after due enquiry during the period from 31 January 2010 (being the date to which the last audited financial statements of Harta Makmur and its subsidiaries ("Harta Makmur Group") have been made up to) to the date hereof (being a date not earlier than fourteen (14) days before the issuance of this Circular):

- (a) the business of the Harta Makmur Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Harta Makmur Group which have adversely affected the trading or the value of the assets of the Harta Makmur Group;
- (c) the current assets of the Harta Makmur Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities that have arisen by reason of any guarantees or indemnities given by the Harta Makmur Group;
- (e) there has been no default or any known event, since the last audited financial statements of the Harta Makmur Group, that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Harta Makmur Group in which the Board is aware of; and
- (f) there have been, since the last audited financial statements of the Harta Makmur Group, no material changes in the published reserves or any unusual factors affecting the profits of the Harta Makmur Group.

Yours faithfully,  
For and on behalf of the Board of Directors  
**HARTA MAKMUR SDN BHD**

**DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR**  
Director

## PROPOSED AMENDMENTS

Article	Existing Provision	Proposed Amendment
Article 2 (Definitions)	<p>“The Company” means KYM HOLDINGS BHD.</p> <p>“The Act” means the Companies Act, 1965 and every other written Law for the time being in force concerning companies and affecting the Company.</p> <p>“These Articles” means the Articles of Association as originally framed or as altered from time to time by Special Resolution.</p> <p>“The Directors” means the Directors for the time being of the Company.</p> <p>“The Office” means the Registered Office for the time being of the Company.</p> <p>“The Secretary” means the Secretary means any person appointed from time to time to perform the duties of Secretary of the Company.</p> <p>“The Exchanges” means the Exchange means Bursa Malaysia Securities Berhad</p> <p>“The Seal” means the common seal of the Company.</p> <p>“The Register” means the register of Members</p> <p>“Deposited Security” means a security in the Company standing to the credit of a Securities Account of the Depositor subject to the provisions of the Central Depositories Act and the Rules.</p> <p>“Rules” means the Rules of the Depository</p>	<p>“The Company” means KYM HOLDINGS BHD.</p> <p>“The Act” means the Companies Act, 1965 and every other written Law for the time being in force concerning companies and affecting the Company.</p> <p>“<del>These</del>—Articles” means the Articles of Association as originally framed or as altered from time to time by Special Resolution.</p> <p>“<del>The</del> Directors” means the Directors for the time being of the Company.</p> <p>“<del>The</del> Office” means the Registered Office for the time being of the Company.</p> <p>“<del>The</del> Secretary” means the Secretary means any person appointed from time to time to perform the duties of Secretary of the Company.</p> <p>“<del>The</del> Exchanges” means Bursa Malaysia Securities Berhad</p> <p>“<del>The</del> Seal” means the common seal of the Company.</p> <p>“<del>The</del> Register” means the register of members to be kept pursuant to the Act</p> <p>“Deposited Security” means a security in the Company standing to the credit of a Securities Account of the Depositor <del>subject to the provisions of the Central Depositories Act and the Rules and</del> <b>includes a security in a securities account that is in suspense</b></p> <p>“Rules” means the Rules of the Depository, <b>including any amendment that may be made from time to time</b></p>
	New provision	<p>“Listing Requirements” means Listing Requirements of Bursa Malaysia Securities Berhad including any amendment to the Listing Requirements that may be made and Practice Notes that may be issued by the Exchange from time to time</p>

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Article	Existing Provision	Proposed Amendment
<p>Article 14 Allotment and despatch of notices of allotment for an issue.</p>	<p>Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall within the following period, allot and issue shares, despatch notices of allotment to the allottees and make an application for a quotation of such shares:</p> <p>(a) within 15 market days of the final applications closing date for a public issue or rights issue or such other period prescribed by the Exchange;</p> <p>(b) within 10 market days of the book closing date for a bonus issue or such other period as may be prescribed by the Exchange;</p> <p>(c) in respect of a share scheme for employees, within 10 market days from the date of receipt of a notice of the exercise of the option together with the requisite payment or such other period as may be prescribed by the Exchange;</p> <p>(d) in respect of conversion or exercise of convertible securities, within 10 market days of the date of receipt of a subscription form together with the requisite payment or such other period as may be prescribed by the Exchange denominations without charge.</p>	<p>Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall within the following period, allot and issue shares, despatch notices of allotment to the allottees and make an application for a quotation of such shares:</p> <p>(a) within 158 market days of the final applications closing date for a public issue or rights issue or such other period prescribed by the Exchange;</p> <p><del>(b) within 10 market days of the book closing date for a bonus issue or such other period as may be prescribed by the Exchange;</del></p> <p>(b) in respect of a share scheme for employees, within 108 market days from the date of receipt of a notice of the exercise of the option together with the requisite payment or such other period as may be prescribed by the Exchange;</p> <p>(c) in respect of conversion or exercise of convertible securities, within 108 market days of the date of receipt of a subscription form together with the requisite payment or such other period as may be prescribed by the Exchange denominations without charge.</p>
<p>Article 33</p>	<p>The transfer books and Register of Members and debenture holders may, on due notice being given as required by the Act, be closed during such time or time as the Directors think fit, not exceeding in the whole thirty (30) days in each year. At least twelve (12) markets days' prior notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the period and the purpose or purposes of such suspension or closure. In relation to the closure, the Company shall give written notice in accordance with the Rules, to the Depository to prepare the appropriate Record of Depositors.</p>	<p>The transfer books and Register of Members and debenture holders may, on due notice being given as required by the Act, be closed during such time or time as the Directors think fit, not exceeding in the whole thirty (30) days in each year. At least ten (10) markets days' prior notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the period and the purpose or purposes of such suspension or closure. In relation to the closure, the Company shall give written notice in accordance with the Rules, to the Depository to prepare the appropriate Record of Depositors.</p>

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Article	Existing Provision	Proposed Amendment
Article 93	<p>The Company in General Meeting may, subject to the provisions of these Articles, from time to time appoint new Directors, and may increase or reduce the number of Directors in office, and may alter their qualification. Until otherwise determined by a General Meeting, the number of Directors shall not be less than two (2) and not more than nine (9). No person not being a retiring director shall be eligible for election to the office of Director at any General Meeting unless some member intending to propose him has, at least eleven (11) clear days before the meeting, left at the office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him, provided that in the case of a person recommended by the Directors for election, nine clear days notice only shall be necessary and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven days prior to the meeting at which the election is to take place.</p>	<p>The Company in General Meeting may, subject to the provisions of these Articles, from time to time appoint new Directors, and may increase or reduce the number of Directors in office, and may alter their qualification. Until otherwise determined by a General Meeting, the number of Directors shall not be less than two (2) and not more than <del>nine (9)</del> eleven (11). No person not being a retiring director shall be eligible for election to the office of Director at any General Meeting unless some member intending to propose him has, at least eleven (11) clear days before the meeting, left at the office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him, provided that in the case of a person recommended by the Directors for election, nine (9) clear days notice only shall be necessary and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.</p>
Article 119A	New Provision	<p>(1) For purposes of Article 119 and subject to applicable laws for the time being in force in Malaysia, the contemporaneous linking together by an instantaneous telecommunication device of a number of Directors no less than the quorum required by Article 119, whether or not any one or more of the Directors is out of Malaysia, is deemed to constitute a meeting of Directors and all provisions of these Articles as to meetings of the Directors will apply to such meeting held by instantaneous telecommunication device so long as the following conditions are met:-</p> <ul style="list-style-type: none"> <li>(a) all the Directors shall have received notice of a meeting by instantaneous telecommunication device for the purpose of such meeting;</li> <li>(b) each of the Directors taking part in the meeting by means of video conference, telephone conference, audio visual or other instantaneous telecommunication device must be able to hear and/or see each of the other Directors taking part at the commencement and for the duration of the meeting;</li> <li>(c) at the commencement of the meeting each Director shall acknowledge his presence for the purpose of the meeting to all of the other Directors taking part.</li> </ul>

Article	Existing Provision	Proposed Amendment
		<p>(2) A Director may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the chairman of the meeting and a Director will be conclusively presumed to have been present and to have formed part of the quorum at all times during such meeting unless he has previously obtained the express consent of the chairman of the meeting to leave the meeting.</p> <p>(3) Minutes of the proceedings at a meeting of Directors by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the chairman of the meeting.</p> <p>(4) For the purpose of this Article 119A, "instantaneous telecommunication device" means any telecommunication conferencing device with or without visual capability.</p> <p>(5) A meeting of the Board conducted by telephone is deemed to be held at the place agreed on by the Directors physically present at that place for the meeting, provided that at least one (1) director was physically present at that place for the duration of the meeting.</p>
Article 140	<p>Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to the registered address of any one of such or to such other person(s) at such other address(es) as such persons may direct in writing. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and delivery of the cheque by the Company aforesaid shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the persons entitled to the money represented thereby.</p>	<p>Any dividend, interest or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or to such person entitled thereto and to such address(es) as the holder may direct in writing or by electronic transfer to the bank account of the holder as appear in the Record of Depositors of the member or person entitled to. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or direct electronic transfer shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or there is discrepancy given by the member in the details of the bank account(s). Every such cheque or warrant shall be sent or by electronic transfer at the risk of the persons entitled to the money represented thereby. Where the shareholders have provided to the Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts.</p>

Article	Existing Provision	Proposed Amendment
Article 159 (7) Effect of the Listing Requirements	For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendment to the Listing Requirements that may be made from time to time.	For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of the <del>Kuala Lumpur</del> —Stock Exchange including any amendment to the Listing Requirements that may be made from time to time.

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

Information on RAS was extracted from publicly available documents and/or other documents provided by the management of RAS. The responsibility of the Board is therefore restricted to accurate reproduction of the relevant information on RAS as included in this Circular.

**2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****2.1 Material commitments**

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the KYM Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial impact of the KYM Group.

**2.2 Contingent liabilities**

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the KYM Group, which upon becoming enforceable, may substantially affect the KYM Group's ability to meet its obligations.

**3. CONSENTS AND CONFLICT OF INTEREST**

TD Aziz, the independent valuer to KYM for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, valuation certificate and all references thereto where relevant, in the form and context in which they appear. TD Aziz has also confirmed that there is no conflict of interest exists or likely to exist in relation to its role in respect of the Proposed Acquisition.

**4. MATERIAL CONTRACTS**

Save as disclosed below, there are no other material contracts (not being contracts entered into the ordinary course of business) that have been entered into by Harta Makmur within two (2) years immediately preceding the date of this Circular:

- (i) Sale and purchase agreement dated 11 June 2009 between KYM, Harta Makmur and Vale International in relation to the disposal of sixteen (16) parcels of leasehold land measuring approximately 409 acres (or 1,655,992 square metres) located at Mukim of Lumut, District of Manjung, Perak Darul Ridzuan by Harta Makmur to Vale International for a cash consideration of RM101,874,578.41. The said disposal was completed on 8 February 2010.

In conjunction with the disposal above, Vale International, Harta Makmur and Ascotsun Sdn Bhd ("ASB") had entered into an agreement dated 11 June 2009 to facilitate the disposal of a parcel of land (which forms part of the Teluk Rubiah development but not the properties) measuring 39,463 square metres ("ASB Land") to Vale International for a total cash consideration of RM9,769,852.15 and transfer of the title of the ASB Land which is still registered to Harta Makmur directly to Vale International. The said disposal was completed on 8 February 2010;

- (ii) Debt settlement agreement dated 10 December 2009 between KYM, Harta Makmur, United Overseas Bank (Malaysia) Bhd (“UOB”) and RHB Investment Bank Berhad (“RHB”) in relation to the proposed full and final settlement sum of RM120 million in respect of the outstanding Club Deal Term Loan granted by UOB and RHB, Bilateral Term Loan granted by UOB and Bilateral Term Loan granted by RHB;
- (iii) Sale and purchase agreement dated 31 March 2010 between KYM, Harta Makmur and Vale Malaysia pursuant to the exercise of an option granted by Harta Makmur to Vale Malaysia in relation to the disposal of thirteen (13) parcels of leasehold land located at Mukim of Lumut and Mukim of Setiawan, District of Manjung, Perak Darul Ridzuan measuring approximately 756 acres (or 3,016,372 square metres) by Harta Makmur to Vale Malaysia for a cash consideration of RM93,762,467.44. The said disposal was completed on 11 October 2010; and
- (iv) Co-operation agreement date 31 March 2010 between KYM, Harta Makmur and Vale Malaysia to govern the continued use by KYM and Harta Makmur, of the Teluk Rubiah Beach & Golf Resort on PN 210051 Lot 6920, PN 210060 Lot 6926, PN 210063 Lot 6931, PN210064 Lot 6932, PN 210065 Lot 6928, PN 210073 Lot 6937, PN 210074 Lot 6938 and PN 210079 Lot 6943 Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan or part thereof.

## 5. MATERIAL LITIGATION

As at the LPD, Harta Makmur is not engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position of Harta Makmur and the Board has no knowledge of any proceeding pending or threatened against Harta Makmur, or any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of Harta Makmur.

## 6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of KYM at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur during normal business hours from Mondays to Fridays (except on public holidays) from the date of this Circular to the date of the EGM:

- (i) Memorandum and Articles of Association of KYM and Harta Makmur;
- (ii) the audited financial statements of KYM for the past two (2) FYE 31 January 2010 and 2011;
- (iii) the audited financial statements of Harta Makmur for the past two (2) FYE 31 January 2009 and 2010 and the latest unaudited results of Harta Makmur for the FYE 31 January 2011;
- (iv) valuation reports and certificates from TD Aziz dated 9 March 2011 on the Teluk Batik Lands;
- (v) letter of consent referred to in Section 3 above;
- (vi) material contracts referred to in Section 4 above; and
- (vii) the SSA and any supplemental agreements/letters relating thereto.

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**KYM HOLDINGS BHD.**  
(Company No. 84303-A)  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of KYM Holdings Bhd. ("KYM" or the "Company") will be held at the Company's Office at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Tuesday, 28 June 2011 at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolution:

### **ORDINARY RESOLUTION**

**PROPOSED ACQUISITION BY KYM, OF 400,000 ORDINARY SHARES OF RM1.00 EACH IN HARTA MAKMUR SDN BHD ("HARTA MAKMUR") REPRESENTING 40% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HARTA MAKMUR FROM RAS SDN BHD FOR A PURCHASE CONSIDERATION OF RM41,000,000 ("PROPOSED ACQUISITION")**

"THAT subject to the approvals of all relevant authorities, approval be and is hereby given for KYM to acquire 400,000 ordinary shares of RM1.00 each in Harta Makmur representing the remaining 40% of the issued and paid-up share capital of Harta Makmur from RAS Sdn Bhd ("Vendor") for a purchase consideration of RM41,000,000 (Ringgit Malaysia Forty One Million) only to be fully satisfied in cash pursuant to the terms and conditions stipulated in the conditional Share Sale Agreement dated 10 March 2011 entered into between KYM and the Vendor (including any supplemental agreement(s)/letter(s) relating thereto);

THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Acquisition with full power to assent to any conditions, modifications and/or amendments in any manner whatsoever as may be required by the relevant authorities and to take all such steps and to do all such acts, deeds and things and execute all such documents as they may deem necessary or expedient in the best interest of the Company."

### **SPECIAL RESOLUTION**

#### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

"THAT the amendments to the Articles of Association of the Company as set out in Appendix IV of the Circular to Shareholders dated 6 June 2011 be and are hereby approved."

#### **By Order of the Board**

**Chee Min Er (MAICSA 7016822)**  
Company Secretary

Kuala Lumpur  
6 June 2011

#### *Notes:*

- 1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.*
- 2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.*
- 3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
- 4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.*



**KYM HOLDINGS BHD.**  
 (Company No. 84303-A)  
 (Incorporated in Malaysia)

**FORM OF PROXY**

I/We \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. \_\_\_\_\_

of \_\_\_\_\_  
 (FULL ADDRESS)

being a member/members of **KYM HOLDINGS BHD.** (Company No.: 84303-A), hereby appoint

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
 (FULL ADDRESS)

or failing \*him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
 (FULL ADDRESS)

or failing \*him/her, the "CHAIRMAN OF THE MEETING" as \*my/our proxy to attend and vote on \*my/our behalf at the Extraordinary General Meeting of the Company to be held at the Company's office at No.12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Tuesday, 28 June 2011 at 9.30 a.m. in the manner indicated below.

(Please indicate with an "X" in the appropriate space below how you wish your vote to be casted. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his/her discretion. )

RESOLUTION	FOR	AGAINST
Ordinary Resolution – Proposed Acquisition		
Special Resolution – Proposed Amendments		

NUMBER OF ORDINARY SHARES HELD \_\_\_\_\_

Signed this .....day of ....., 2011.

.....  
 Signature of Member or Common Seal

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.
2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.



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AFFIX  
STAMP

The Company Secretary  
**KYM Holdings Bhd. (84303-A)**  
No. 12, Lorong Medan Tuanku Satu  
50300 Kuala Lumpur

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